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## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## Part 1 – Annual Budget

### 1.1 Mayor's Report

NOTIFICATIONS TO SPECIAL COUNCIL MEETING FOR THE DRAFT BUDGET ON  
08 APRIL 2013 IN THE COUNCIL CHAMBERS, PRIESKA BY MAYOR: PIET PAPIER

HONORABLE COUNCILORS

STRATEGIC STAKEHOLDERS

GOVERNMENT DEPARTMENTS

MANAGEMENT AND STAFF

RELIGIOUS LEADERS

POLITICAL LEADERS

COMMUNITY MEMBERS

LADIES AND GENTLEMEN

2013/14 – A lucky year ahead for those who work at it!

It is good that the population of Siyathemba Municipal is not superstitious; otherwise the 13 in 2013 may have cast a gloom over the year ahead, especially since it follows four extremely tough years since the start of the Great Recession and recent shocks such as Marikana.

Our communities during the public participation process with the IDP are connected and have dreams. Dreams and great expectations for our families and communities grounded in the believe that not all of them are going to be met in this financial process.

Let us as Council, Management and all stakeholders join them in doing the best we can do to take the process of continuous development forward.

To be sure, 2013/14 is probably going to be another tough year in which all of us will have to work as hard as ever to make ends meet. The signs are that the global recovery will remain sluggish and vulnerable to shocks for the foreseeable future. And, even if it

starts picking up sharply, it may still be a while before the positive effect is felt by most on the ground.

But an important part of venturing into the future is to look out for the positive. This does not only mean keeping your faith that the economy will eventually turn - it certainly will.

It also means looking out for the positive aspects that are with us right now.

On a macro scale, keep in mind that:

- Despite all the talk of a decline in our mining sector, South Africa still possesses an estimated \$2,5 trillion worth of minerals – still one of the most richly endowed countries in the world. No amount of policy and labour problems will keep international and local investment away from such a bounty for long. Investments will come, and there will be spinoffs for owner-managed businesses all through the supply chain, in adjacent industries and throughout the economy.
- Despite the global financial crisis, South Africa has been receiving record numbers of tourists. Think about how amazing that is: the world has cut luxury spending on a massive scale, yet South Africa is welcoming more tourists than ever before. In the second quarter of 2012, tourists brought in no less than R83.5 billion into the economy, more than the levels recorded during the World Cup. The thought of what the numbers will look like when the world economy recovers is mouth-watering, not only for those in the tourism sector, but for the thousands of suppliers to the industry.
- The rest of Africa, with its consistent growth of more than 5% over the last few years, is still opening up to South African businesses like never before. Every local service provider hired, or every supermarket that a South African retail chain opens north of the Limpopo, provides opportunities for supply chains back home.
- South Africa's much-anticipated infrastructure spend is still very much on the cards, despite increasing cynicism about the state's readiness to roll it out in one, massive counter-cyclical push. It will probably be patchy, somewhat haphazard, and much delayed, but it will come. Keep looking out for trickle-down opportunities.

We are going into 2013/14 with an unshakable experience that our service delivery model is working and can be extended to deal with inequalities and introduce new service levels with regard to sanitation in some parts of our municipal area.

In order to ensure basic service delivery we propose to increase our tariffs as follows:

- |                                 |      |
|---------------------------------|------|
| • Water and sanitation services | 10%  |
| • Electricity                   | 8%   |
| • Rates and taxes               | -32% |
| • Refuse                        | 10%  |
| • Non core functions            | 20%  |

It should be noted that the new property valuations have been completed and a new tariff for property rates will be implemented on the 1<sup>st</sup> July 2013. Council will implement a safety net for all pensioners to apply for a rebate of up to 40% or no more than R4500.00. The community is therefore encouraged to apply for these rebates.

Our electricity capacity will have to increase to 3.5MVA to cater for our existing and future needs.

These changes with all other income streams will ensure a budgeted income of R79m, excluding capital grants of R20.5m.

Operational and capital expenses total R96m with employee cost the highest at R33m (34%), followed by other expenses R27m, bulk purchases R17m, depreciation R10m and debt impairment R3m. The net effect is a budgeted deficit of R5.6m.

This situation urge us take take stringent measures to balance matters.

Apart from our own income means, we need to explore options that can generate more income towards the Municipality.

Further we enter this financial period with Solar Energy as a major new development – a venture for our businesses, concepts, products or services with high-growth potential. This new development is testimony to our belief in the potential of the South African community, The Northern Cape, Pixley ka Seme District and Siyathemba, despite the difficult times.

Finally, how do you brace yourself in 2013 for the two biggest threats facing governments apart from the global slump?

The first is the major economic slowdown culminating in potential instability. No matter the policy and procedure not all will and can be employed in the current situation.

The second is the catastrophic state of our schools, with 95% of grade nines scoring less than 50% for maths in the annual national assessment.

A recession, badly schooled workforce – the future would seem to be bleak for South Africa.

But here all stakeholders can kill two birds with one stone.

Relationships between stakeholders should be intimate, family-like, personal, and therefore stronger. And one of the most important ingredients of the glue should be training and improved community contact sessions to improve better understanding.



Let us make 2013 the year in which we cement our already strong relationship with our workers with an even stronger emphasis on training them – on the job, and by seeking out and sending them on training courses.

Do not be put off by other sectors and industries poaching our workers we have trained up so carefully. We are helping to build the entire market.

Also take advantage of the free staff training through sector education and training authorities (SETAs).

And anyway, you will find that the most loyal, and therefore the best workers, will stay with you because you take care of their development.

From the outside, people will say you are lucky to be able to have and retain such good workers in an economy like ours.

But you will know that it is through your very own efforts that you've created your own luck.

We welcome the release of our leader and former president, Nelson Mandela, from hospital.

We take courage from the honor and privilege to be part of man and woman crafting the present and future of our society in presenting this budget.

Thank you for Management and staff for your efforts to have this budget.

We salute our senior leaders for setting a path for us to travel on and providing us a road map.

We present this draft budget with our newly appointed Municipal Manager, Mr. Johnny R M Alexander, with effect from 01 April 2013.

We welcome you and pledge our support in creating the society we all dream about. A society base on democracy, equality and nonracial.

Free from poverty, joblessness, hunger, deceases and crime and instability.

All the best for 2013/14 financial period, and beyond.

.....  
PIET PAPIER  
MAYOR

08 APRIL 2013

## 1.2 Council Resolutions

On 08 April 2013 the Council of Siyathemba Local Municipality met in the Hall of Siyathemba Municipality in Prieska to consider the annual draft budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Siyathemba Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on [page 24](#);
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on [page 26](#);
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on [page 28](#); and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in [Table 22 on page 30](#).
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 23 on [page 32](#);
    - 1.2.2. Budgeted Cash Flows as contained in Table 24 on [page 34](#);
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on [page 34](#);
    - 1.2.4. Asset management as contained in Table 26 on [page 36](#); and
    - 1.2.5. Basic service delivery measurement as contained in Table 27 on [page 38](#).
2. The Council of Siyathemba Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from [1 July 2012](#):
  - 2.1. the tariffs for property rates – as set out in Annexure B,
  - 2.2. the tariffs for electricity – as set out in Annexure B
  - 2.3. the tariffs for the supply of water – as set out in Annexure B
  - 2.4. the tariffs for sanitation services – as set out in Annexure B
  - 2.5. the tariffs for solid waste services – as set out in Annexure B
3. The Council of Siyathemba Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexure G1 to G21 respectively.
4. To give proper effect to the municipality's annual draft budget, the Council of Siyathemba Municipality Local Municipality approves:

- 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2013/14 MTREF**

R Thousand	Adjustment Budget 2013/14	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue	61 108 344	70 748 550	68 873 320	73 892 800
Total Operating Expenditure	89 438 764	96 983 910	88 066 900	90 888 440
Surplus/(Deficit)	-28 330 420	-26 235 360	-19 193 580	-16 995 640
Total Capital Expenditure	16 499 000	20 635 000	13 658 000	12 921 000
Surplus/(Deficit) after capital transfers & contributions	-11 831 420	-5 600 360	-5 535 580	-4 074 640

Total operating revenue has grown by R9.6 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will decrease to -R 1 875 230 and increase by R5 019 480 by respectively.

Total operating expenditure for the 2013/14 financial year has been appropriated at R97 million and translates into a budgeted deficit of R5, 6 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 92 per cent in the 2013/14 budget. The operating deficit for the two outer years decreases to R5 535 580 and then to R4 074 640.00

The capital budget of R20 635 million for 2013/14 more when compared to the 2013/14 Adjustment Budget. The capital programme decreases to **R13.6million** in the 2014/15 financial year and then decreases with 2015/16 to **R12.9 million**. All capital over the MTREF will be financed by Grants from National and Provincial government. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has remained the same and will continue over the next five years due to new loans taken up in the past year, as a result of the need to replace specialised vehicles needed to meet the increased demand in services to be delivered. Consequently, the capital budget remains relatively flat over the medium-term.

## 1.4 Operating Revenue Framework

For Siyathemba Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 70% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

NC077 Siyathemba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2013/14			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		507	604	21 498	25 158	27 715	27 715	25 031	26 805	28 800
Executive and council		507	604	661	725	680	680	766	804	855
Budget and treasury office		–	–	20 585	24 148	25 849	25 849	23 523	25 185	27 108
Corporate services		–	–	252	286	1 186	1 186	743	817	837
<i>Community and public safety</i>		2 175	292	1 118	1 665	780	780	809	820	829
Community and social services		582	292	1 073	1 615	730	730	749	754	759
Public safety		1 558	–	–	–	–	–	–	–	–
Housing		35	–	45	50	50	50	60	66	70
<i>Economic and environmental services</i>		55	29 680	15 984	14 864	14 647	14 647	20 251	10 725	10 939
Planning and development		55	21 821	13 573	13 514	–	–	–	–	–
Road transport		–	7 859	2 412	1 350	14 647	14 647	20 251	10 725	10 939
<i>Trading services</i>		22 603	22 108	37 280	43 368	43 170	43 170	38 792	44 181	46 246
Electricity		7 961	7 701	14 783	18 194	18 019	18 019	19 479	22 823	23 415
Water		6 654	6 963	12 180	13 101	13 078	13 078	8 924	9 821	10 831
Waste water management		7 988	7 444	7 318	8 614	8 614	8 614	7 588	8 467	8 667
Waste management		–	–	2 998	3 459	3 459	3 459	2 802	3 070	3 333
<b>Total Revenue - Standard</b>	2	25 340	52 684	75 880	85 055	86 311	86 311	84 884	82 531	86 814
<b>Expenditure - Standard</b>	-									
<i>Governance and administration</i>		19 433	13 807	19 882	28 043	21 527	21 527	41 865	38 179	39 020
Executive and council		2 561	4 744	10 388	11 172	11 315	11 315	15 699	14 325	15 080
Budget and treasury office		15 885	8 305	9 439	16 807	10 007	10 007	25 954	23 642	23 728
Corporate services		987	758	55	65	205	205	212	212	212
<i>Community and public safety</i>		2 269	909	3 109	3 666	3 052	3 052	4 059	4 326	4 637
Community and social services		–	–	1 798	2 169	1 663	1 663	1 761	1 837	1 946
Sport and recreation		757	801	1 295	1 468	1 348	1 348	2 272	2 462	2 664
Public safety		–	–	6	14	26	26	26	27	27
Housing		1 494	73	–	–	–	–	–	–	–
Health		18	34	10	15	15	15	–	–	–
<i>Economic and environmental services</i>		4 309	32 792	21 338	20 985	21 461	21 461	10 062	10 527	11 164
Planning and development		4 309	25 600	18 618	19 386	–	–	–	–	–
Road transport		–	7 192	2 720	1 599	21 461	21 461	10 062	10 527	11 164
<i>Trading services</i>		17 899	17 157	31 550	30 002	29 312	29 312	34 487	35 024	36 058
Electricity		6 782	7 393	12 900	18 341	15 436	15 436	20 258	20 433	20 670
Water		4 498	4 862	8 946	1 324	7 351	7 351	5 458	5 237	5 316
Waste water management		–	–	5 925	8 580	3 571	3 571	4 284	4 544	4 888
Waste management		6 619	4 902	3 778	1 757	2 954	2 954	4 488	4 810	5 184
<i>Other</i>	4	–	–	–	–	10	10	10	10	10
<b>Total Expenditure - Standard</b>	3	43 910	64 665	75 880	82 696	75 362	75 362	90 484	88 067	90 888
<b>Surplus/(Deficit) for the year</b>		(18 570)	981	0	2 359	10 949	10 949	(5 600)	(5 536)	(4 075)

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abbatoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

**Table 3 Percentage growth in revenue by main revenue source**

NC077 Siyathemba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2013/14			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue by Vote</b>	1									
Vote 1 - MANAGEMENT SERVICES		-	-	-	-	680	680	766	804	855
Vote 2 - FINANCIAL SERVICES		-	-	-	-	25	25	23	25	
Vote 3 - CORPORATE SERVICES		-	-	-	-	849	849	523	185	27 108
Vote 4 - TECHNICAL SERVICES		-	-	-	-	3	3	2	2	
		-	-	-	-	482	482	778	956	3 079
		-	-	-	-	56	56	57	53	
		-	-	-	-	301	301	817	586	55 771
<b>Total Revenue by Vote</b>	2	-	-	-	-	86	86	84	82	
		-	-	-	-	311	311	884	531	86 814
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - MANAGEMENT SERVICES		-	-	-	-	11	11	15	14	
Vote 2 - FINANCIAL SERVICES		-	-	-	-	330	330	699	325	15 080
Vote 3 - CORPORATE SERVICES		-	-	-	-	10	10	25	23	
Vote 4 - TECHNICAL SERVICES		-	-	-	-	007	007	954	642	23 728
		-	-	-	-	3	3	3	3	
		-	-	-	-	401	401	877	924	4 141
		-	-	-	-	50	50	44	46	
		-	-	-	-	625	625	953	176	47 940
<b>Total Expenditure by Vote</b>	2	-	-	-	-	75	75	90	88	
		-	-	-	-	362	362	484	067	90 888
<b>Surplus/(Deficit) for the year</b>	2	-	-	-	-	10	10	(5)	(5)	(4)
		-	-	-	-	949	949	(600)	(536)	(075)

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2013/14 financial year, revenue from rates and services charges totalled R34 8million. This increases to R38.4million, R41.3 million in the respective financial years of the MTREF. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

Refuse is the smallest revenue source from services totalling R1million rand and increases to R1.4million by 2015/16. The smallest source is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees,

transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R27.7 million in the 2013/14 financial year and steadily increases to R30.8million by 2015/16.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

NC077 Siyathemba - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		12 606	17 391	19 154	24 608	24 608	24 608	27 046	29 111	30 166
Local Government Equitable Share		11 006	15 441	16 914	20 108	20 108	20 108	21 171	22 427	24 149
Finance Management		750	1 200	1 450	1 500	1 500	1 500	1 650	1 800	1 950
Municipal Systems Improvement		850	750	790	800	800	800	890	934	967
Integrated National Electrification Programme					1 200	1 200	1 200	2 335	3 950	3 100
EPWP Incentive					1 000	1 000	1 000	1 000		
Provincial Government:		507	519	542	689	689	689	695	695	695
Library Grant		507	519	542	689	689	689	695	695	695
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	13 113	17 910	19 696	25 297	25 297	25 297	27 741	29 806	30 861
<b>Capital Transfers and Grants</b>										
National Government:		6 387	7 026	10 246	12 479	12 479	12 429	18 300	9 708	9 821
Municipal Infrastructure Grant (MIG)		6 387	7 026	10 246	12 429	12 429	12 429	11 800	9 708	9 821
Regional Bulk Infrastructure					50	50		6 500		
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	6 387	7 026	10 246	12 479	12 479	12 429	18 300	9 708	9 821
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		19 500	24 936	29 942	37 776	37 776	37 726	46 041	39 514	40 682

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.



National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 25 per cent rebate will be granted on all state owned properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;

- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 10 per cent increase from 1 July 2013 is contained below:

**Table 5 Comparison of proposed rates to be levied for the 2013/2014 financial**

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	<b>c</b>	<b>C</b>
Residential properties	0.02195	0.01683
State owned properties	0.00549	0.03766
Business & Commercial	0.02853	0.02448
Agricultural	0.00048	0.00026

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 10 per cent from 1 July 2012 for water is proposed. This is based on input cost of inputs increasing by 10 per cent.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 6 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2011/12	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		
(i) 0 to 6 kℓ	4.3	4.69
(ii) 7 to 12 kℓ	4.7	5.15
(iii) 13 to 50 kℓ	5.2	5.77
(iv) 51 to 150 kℓ	6.1	6.70
(iv) +150 kℓ	7.3	8.04

The tariff structure of the 2013/14 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing as consumption increases.

#### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Registered indigents will again be granted 50 kWh per 30-day period free of charge

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 7 Comparison between current electricity charges and increases (Domestic)**

BESKRYWING	2013/2014	2013/2014	% Verhoging	2012/2013	2012/2013
	BTW INGESLUIT	Tarief		BTW INGESLUIT	Tarief
<b>C) HUISHOUELIK</b>					
Vir huishoudelike toevoere waar konvensionele meettoerusting gebruik word :					
a) Energieheffing c/kwh	1.17	1.0	8.00	1.08	1.0
b) Basiesheffing per maand	356.06	312.3	8.00	329.68	289.2

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2013/14 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

#### **1.4.4 Sanitation and Impact of Tariff Increases**

A tariff increase of 10 per cent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 10 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the type of consumer and the level of service provided as indicated in the table below;
  - Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R 3.7 million for the 2013/14 financial year.

The following table compares the current and proposed tariffs:

**Table 8 Comparison between current sanitation charges and increases**

BESKRYWING	2013/2014	2013/2014	% Verhoging	2012/2013	2012/2013
	BTW INGESLUIT	Tarief		BTW INGESLUIT	Tarief
<i>Riooltarief</i>					
<i>Beskikbaarheidsgelde</i>					
Beskikbaarheid	120.9	106.0	10	109.9	96.4
Onbeboude staatserwe	961.0	843.0	10	873.7	766.4
Beboude woonerwe	181.3	159.0	10	164.8	144.6
Kerke,kerksale,Sport en welsyn	120.9	106.0	10	109.9	96.4
Besighede	285.4	250.4	10	259.5	227.6
Besighede -Ekstra potte	85.2	74.7	10	77.4	67.9

#### 1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a small surplus. The main contributors to expenditure are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 5 per cent increase in the waste removal tariff is proposed from 1 July 2013. Higher increases will not be viable in 2013/14 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 5 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

**Table 9 Comparison between current waste removal fees and increases**

BESKRYWING	2013/2014	2013/2014	% Verhoging	2012/2013	2012/2013
	BTW INGESLUIT	Tarief		BTW INGESLUIT	Tarief
<i>Vullis</i>					
<i>Per standaard Drom per maand</i>					
Prieska	62.7	55.0	10	57.0	50.0
Marydale	62.7	55.0	10	57.0	50.0
Niekerkshoop	62.7	55.0	10	57.0	50.0

#### 1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to a maximum percentage of 10%.

NC077 Siyathemba - Supporting Table SA14 Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
Rates and services charges:											
Property rates		558.75	590.49	627.10	661.96	661.96	661.96	5.6%	661.96	695.06	1 042.59
Electricity: Basic levy		195.45	246.66	296.93	329.68	329.68	329.68	11.0%	356.05	384.54	692.17
Electricity: Consumption		343.15	434.29	522.80	580.46	580.46	580.46	11.0%	626.90	677.05	1 218.70
Water: Basic levy		195.45	206.55	222.46	255.82	255.82	255.82	15.0%	276.29	298.39	537.11
Water: Consumption		343.15	362.64	390.56	449.15	449.15	449.15	15.0%	485.08	523.89	943.00
Sanitation		121.50	133.29	143.35	164.85	164.85	164.85	15.0%	178.04	192.28	346.11
Refuse removal		44.15	48.43	52.16	59.99	59.99	59.99	15.0%	64.79	69.97	125.94
Other											
sub-total		1 801.60	2 022.35	2 255.35	2 501.92	2 501.92	2 501.92	5.9%	2 649.11	2 841.18	4 905.61
VAT on Services											
Total large household bill:		1 801.60	2 022.35	2 255.35	2 501.92	2 501.92	2 501.92	5.9%	2 649.11	2 841.18	4 905.61
% increase/decrease			12.3%	11.5%	10.9%	-	-		5.9%	7.3%	72.7%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
Rates and services charges:											
Property rates		258.05	272.71	289.62	305.72	305.72	305.72	5.6%	330.18	356.59	385.12
Electricity: Basic levy		195.45	246.66	296.93	329.68	329.68	329.68	11.0%	362.65	398.91	438.80
Electricity: Consumption		151.70	191.99	231.12	256.61	256.61	256.61	11.0%	282.27	310.50	341.55
Water: Basic levy		42.00	44.39	47.80	54.97	54.97	54.97	15.0%	60.47	66.52	73.17
Water: Consumption		32.15	33.98	36.59	42.08	42.08	42.08	15.0%	46.29	50.92	56.01
Sanitation		121.45	133.23	143.29	164.78	164.78	164.78	15.0%	181.26	199.39	219.33
Refuse removal		44.15	48.43	52.16	59.99	59.99	59.99	15.0%	65.98	72.58	79.84
Other											
sub-total		844.95	971.38	1 097.51	1 213.83	1 213.83	1 213.83	9.5%	1 329.10	1 455.41	1 593.82
VAT on Services											
Total small household bill:		844.95	971.38	1 097.51	1 213.83	1 213.83	1 213.83	9.5%	1 329.10	1 455.41	1 593.82
% increase/decrease			15.0%	13.0%	10.6%	-	-		9.5%	9.5%	9.5%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
Rates and services charges:											
Property rates		32.50	34.35	36.48	38.50	38.50	38.50	5.6%	41.58	44.91	48.50
Electricity: Basic levy		-	-	-	-	-	-	11.0%	-	-	-
Electricity: Consumption		-	-	-	-	-	-	11.0%	-	-	-
Water: Basic levy		57.40	60.66	65.33	75.13	75.13	75.13	15.0%	82.64	90.91	100.00
Water: Consumption		76.40	80.74	86.96	100.00	100.00	100.00	15.0%	110.00	121.00	133.10
Sanitation		41.65	45.69	49.14	56.51	56.51	56.51	15.0%	62.16	68.38	75.22
Refuse removal		-	-	-	-	-	-	15.0%	-	-	-
Other											
sub-total		207.95	221.44	237.90	270.14	270.14	270.14	9.7%	296.39	325.20	356.82
VAT on Services											
Total small household bill:		207.95	221.44	237.90	270.14	270.14	270.14	9.7%	296.39	325.20	356.82
% increase/decrease			6.5%	7.4%	13.6%	-	-		9.7%	9.7%	9.7%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

**Table 10 Summary of operating expenditure by standard classification item**

Expenditure By Type											
Employee related costs	2	18 439	19 152	27 104	30 461	27 642	27 642	27 642	33 167	35 288	37 326
Remuneration of councillors		1 001	1 750	1 902	2 069	2 182	2 182	2 182	2 494	2 688	2 850
Debt impairment	3	–	1 240	1 240	3 500	800	800	800	3 165	3 194	3 542
Depreciation & asset impairment	2	150	150	150	5 200	9 707	9 707	9 707	10 588	11 105	11 105
Finance charges		295	–	–	780	274	274	274	1 376	1 449	1 528
Bulk purchases	2	4 925	7 800	11 073	13 318	13 318	13 318	13 318	17 484	17 534	17 584
Other materials	8	–	–	–	5 628	–	–	–	–	–	–
Contracted services		–	–	–	800	800	800	800	700	700	700
Transfers and grants		–	–	–	–	3 989	3 989	3 989	813	500	500
Other expenditure	4, 5	–	–	–	–	30 727	30 727	30 727	27 196	15 609	15 755
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>24 811</b>	<b>30 092</b>	<b>41 469</b>	<b>61 756</b>	<b>89 439</b>	<b>89 439</b>	<b>89 439</b>	<b>96 984</b>	<b>88 067</b>	<b>90 888</b>

The budgeted allocation for employee related costs for the 2013/14 financial year totals R33.167 million, which equals 34 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement which expires at the end of the current financial year, salary increases have been factored into this budget at a percentage increase of 8 per cent for the 2013/14 financial year. An annual increase of 8 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for other critical functions.

The fact that a settlement has not been reached by the SALGBC parties in the salary dispute resulted in an uncertainty on this area of expenditure. It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 70 per cent. For the 2013/14 financial year this amount equates to R3.1 million and escalates to R3.5 million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited indicating that significant cost savings have been already realised.

### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by from R2.4million to R3.1million. This strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2013/14 equates to R3.1 million and growth is seen in relation to the Adjustment Budget and continues to grow over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 3.2 per cent for the respective financial years of the MTREF. This is mainly due to bulk electricity purchases that continually exceed growth in other expenditure items.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:



**Table 11 Repairs and maintenance per asset class**

NC077 Siyathemba - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges											
Storm water											
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Generation											
Transmission & Reticulation											
Street Lighting											
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation											
Sewerage purification											
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Waste Management											
Transportation	2										
Gas											
Other	3										
Community			-	-	-	-	-	-	-	-	-
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses	7										
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing	8										
Other											
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other	9										
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			-	-	-	-	-	-	-	-	-
General vehicles											
Specialised vehicles	10		-	-	-	-	-	-	-	-	-
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1		-	-	-	-	-	-	-	-	-
April 2013											
Specialised services			-	-	-	-	-	-	-	-	-
Refuse											
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as % Operating Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

For the 2013/14 financial year R3.1of total repairs and maintenance will be spent on assets.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 2455 or more indigent households during the 2013/14 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 12 2011/12 Medium-term capital budget per vote**

<u>Capital Expenditure - Standard</u>										
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-
Executive and council										
Budget and treasury office										
Corporate services										
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services										
Sport and recreation										
Public safety										
Housing										
Health										
<i>Economic and environmental services</i>		-	-	-	11 184	11 184	11 184	-	4 542	6 500
Planning and development					2 166	2 166	2 166			
Road transport					9 018	9 018	9 018		4 542	6 500
Environmental protection										
<i>Trading services</i>		-	-	-	1 824	1 824	1 824	-	16 093	7 158
Electricity									4 235	3 950
Water										
Waste water management									11 858	3 208
Waste management					1 824	1 824	1 824			9 821
<i>Other</i>										
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	-	-	-	13 008	13 008	13 008	-	20 635	13 658
<b>Funded by:</b>										
National Government					13 008	13 008	13 008		20 635	13 658
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital	4	-	-	-	13 008	13 008	13 008	-	20 635	13 658
Public contributions & donations	5									
Borrowing	6									
Internally generated funds										
<b>Total Capital Funding</b>	<b>7</b>	-	-	-	13 008	13 008	13 008	-	20 635	13 658

For 2013/14 an amount of R20.63 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. In the outer years this amount totals R13.65 million, 100 per cent and R12.92 million, 100 per cent respectively for each of the financial years. Water services receives the highest allocation of R 10.2 million in 2013/14.

Total new assets represent 100 per cent or R20.63 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The future operational costs and revenues associated with the capital programme have been included in the MTREF expenditure. This concomitant operational expenditure is expected to escalate to R100 million by 2017/18. It needs to be noted that as part of the 2013/14 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## **1.7 Annual Budget Tables - Parent Municipality**

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 13 MBRR Table A1 - Budget Summary**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	4 547	6 624	4 810	8 426	5 705	5 705	7 008	7 510	8 013
Service charges	15 509	19 201	22 003	25 173	21 007	21 007	21 009	24 665	27 659
Investment revenue	165	90	80	95	115	115	145	180	215
Transfers recognised - operational	11 233	14 667	34 306	32 384	21 076	21 076	24 097	25 137	26 996
Other own revenue	2 007	3 100	3 468	4 045	5 565	5 565	16 997	9 810	10 294
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>33 460</b>	<b>43 682</b>	<b>64 666</b>	<b>70 122</b>	<b>53 468</b>	<b>53 468</b>	<b>69 256</b>	<b>67 302</b>	<b>73 177</b>
Employee costs	15 070	18 439	19 152	23 248	27 104	27 104	30 461	33 054	36 566
Remuneration of councillors	1 514	1 001	1 750	1 902	1 967	1 967	2 069	2 243	2 427
Depreciation & asset impairment	145	150	150	150	150	150	5 200	5 600	5 900
Finance charges	1 587	295	–	–	256	256	780	769	757
Materials and bulk purchases	3 708	4 925	7 800	9 436	14 489	14 489	18 946	21 262	23 698
Transfers and grants	–	–	–	–	–	–	3 989	3 402	3 516
Other expenditure	–	–	1 240	1 240	9 502	9 502	21 831	11 638	11 437
<b>Total Expenditure</b>	<b>22 024</b>	<b>24 811</b>	<b>30 092</b>	<b>35 977</b>	<b>53 468</b>	<b>53 468</b>	<b>83 276</b>	<b>77 967</b>	<b>84 301</b>
<b>Surplus/(Deficit)</b>	<b>11 436</b>	<b>18 871</b>	<b>34 574</b>	<b>34 146</b>	<b>(0)</b>	<b>(0)</b>	<b>(14 020)</b>	<b>(10 665)</b>	<b>(11 125)</b>
Transfers recognised - capital	–	–	–	–	16 205	16 205	17 578	15 982	13 869
Contributions recognised - capital & contributed assets	–	–	–	–	(16 205)	(16 205)	(17 578)	(15 982)	(13 869)
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>11 436</b>	<b>18 871</b>	<b>34 574</b>	<b>34 146</b>	<b>(0)</b>	<b>(0)</b>	<b>(14 020)</b>	<b>(10 665)</b>	<b>(11 125)</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>11 436</b>	<b>18 871</b>	<b>34 574</b>	<b>34 146</b>	<b>(0)</b>	<b>(0)</b>	<b>(14 020)</b>	<b>(10 665)</b>	<b>(11 125)</b>
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	3 673	6 387	7 325	8 812	16 823	16 823	17 578	15 982	13 870
Transfers recognised - capital	3 673	6 387	7 195	8 812	16 205	16 205	16 999	15 981	13 869
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	618	618	579	–	–
<b>Total sources of capital funds</b>	<b>3 673</b>	<b>6 387</b>	<b>7 195</b>	<b>8 812</b>	<b>16 823</b>	<b>16 823</b>	<b>17 578</b>	<b>15 981</b>	<b>13 869</b>
<b>Financial position</b>									
Total current assets	4 697	4 167	5 854	8 233	8 233	8 233	28 213	28 339	28 440
Total non current assets	121 625	126 897	140 131	140 385	385	385	257 719	278 338	300 601
Total current liabilities	12 155	9 363	10 575	8 375	625	375	15 467	16 685	17 999
Total non current liabilities	1 090	1 001	–	652	–	–	322	348	376
Community wealth/Equity	116 744	113 048	115 000	115 000	115 000	115 000	256 652	257 652	258 652
<b>Cash flows</b>									
Net cash from (used) operating	4 385	2 973	6 187	(130)	(3 592)	(3 592)	25 585	13 551	10 700
Net cash from (used) investing	(4 131)	3 134	(5 346)	(6 442)	(6 442)	(6 442)	(16 791)	(15 993)	(13 876)
Net cash from (used) financing	(1 090)	(961)	(50)	(600)	(600)	(600)	(10)	(58)	(63)
<b>Cash/cash equivalents at the year end</b>	<b>(2 712)</b>	<b>2 434</b>	<b>3 225</b>	<b>(2 717)</b>	<b>(13 346)</b>	<b>(16 954)</b>	<b>8 960</b>	<b>6 461</b>	<b>3 222</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	2 322	1 013	(498)	500	500	750	250	300	350
Application of cash and investments	1 177	2 387	1 245	(922)	(3 857)	(3 857)	(14 051)	(12 197)	(10 473)
<b>Balance - surplus (shortfall)</b>	<b>1 145</b>	<b>(1 374)</b>	<b>(1 743)</b>	<b>1 422</b>	<b>4 357</b>	<b>4 607</b>	<b>14 301</b>	<b>12 497</b>	<b>10 823</b>
<b>Asset management</b>									
Asset register summary (WDV)	88 396	215 676	219 151	197 473	–	197 473	178 228	175 064	171 956
Depreciation & asset impairment	145	150	150	150	150	150	5 200	5 600	5 900
Renewal of Existing Assets	118 973	126 772	122 819	122 837	122 837	122 837	–	–	–
Repairs and Maintenance	21 652	30 145	25 853	26 414	26 414	26 414	5 628	5 536	5 514
<b>Free services</b>									
Cost of Free Basic Services provided	3 543	9 790	5 476	6 600	6 600	6 600	9 511	9 511	9 511
Revenue cost of free services provided	3 543	9 790	5 476	6 600	6 600	6 600	9 511	9 511	9 511
<b>Households below minimum service level</b>									
Water:	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	0	1	–	–	–	–	–	–	–
Energy:	0	0	–	–	–	–	–	–	–
Refuse:	5	5	5	5	5	5	5	5	5

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2015/16, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2014/15 the water backlog will have been eliminated.

**Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

NC077 Siyathemba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		507	604	21 498	25 158	27 715	27 715	25 031	26 805	28 800
Executive and council		507	604	661	725	680	680	766	804	855
Budget and treasury office		-	-	20 585	24 148	25 849	25 849	23 523	25 185	27 108
Corporate services		-	-	252	286	1 186	1 186	743	817	837
<i>Community and public safety</i>		2 175	292	1 118	1 665	780	780	809	820	829
Community and social services		582	292	1 073	1 615	730	730	749	754	759
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 558	-	-	-	-	-	-	-	-
Housing		35	-	45	50	50	50	60	66	70
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		55	29 680	15 984	14 864	14 647	14 647	20 251	10 725	10 939
Planning and development		55	21 821	13 573	13 514	-	-	-	-	-
Road transport		-	7 859	2 412	1 350	14 647	14 647	20 251	10 725	10 939
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		22 603	22 108	37 280	43 368	43 170	43 170	38 792	44 181	46 246
Electricity		7 961	7 701	14 783	18 194	18 019	18 019	19 479	22 823	23 415
Water		6 654	6 963	12 180	13 101	13 078	13 078	8 924	9 821	10 831
Waste water management		7 988	7 444	7 318	8 614	8 614	8 614	7 588	8 467	8 667
Waste management		-	-	2 998	3 459	3 459	3 459	2 802	3 070	3 333
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	25 340	52 684	75 880	85 055	86 311	86 311	84 884	82 531	86 814
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		19 433	13 807	19 882	28 043	21 527	21 527	41 865	38 179	39 020
Executive and council		2 561	4 744	10 388	11 172	11 315	11 315	15 699	14 325	15 080
Budget and treasury office		15 885	8 305	9 439	16 807	10 007	10 007	25 954	23 642	23 728
Corporate services		987	758	55	65	205	205	212	212	212
<i>Community and public safety</i>		2 269	909	3 109	3 666	3 052	3 052	4 059	4 326	4 637
Community and social services		-	-	1 798	2 169	1 663	1 663	1 761	1 837	1 946
Sport and recreation		757	801	1 295	1 468	1 348	1 348	2 272	2 462	2 664
Public safety		-	-	6	14	26	26	26	27	27
Housing		1 494	73	-	-	-	-	-	-	-
Health		18	34	10	15	15	15	-	-	-
<i>Economic and environmental services</i>		4 309	32 792	21 338	20 985	21 461	21 461	10 062	10 527	11 164
Planning and development		4 309	25 600	18 618	19 386	-	-	-	-	-
Road transport		-	7 192	2 720	1 599	21 461	21 461	10 062	10 527	11 164
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		17 899	17 157	31 550	30 002	29 312	29 312	34 487	35 024	36 058
Electricity		6 782	7 393	12 900	18 341	15 436	15 436	20 258	20 433	20 670
Water		4 498	4 862	8 946	1 324	7 351	7 351	5 458	5 237	5 316
Waste water management		-	-	5 925	8 580	3 571	3 571	4 284	4 544	4 888
Waste management		6 619	4 902	3 778	1 757	2 954	2 954	4 488	4 810	5 184
Other	4	-	-	-	-	10	10	10	10	10
<b>Total Expenditure - Standard</b>	3	43 910	64 665	75 880	82 696	75 362	75 362	90 484	88 067	90 888
<b>Surplus/(Deficit) for the year</b>		(18 570)	(11 981)	0	2 359	10 949	10 949	(5 600)	(5 536)	(4 075)

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 4 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Waste water and the Waste management function. As already noted above, the municipality will be

undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

**Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

NC077 Siyathemba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Revenue by Vote	1									
Vote 1 - MANAGEMENT SERVICES		-	-	-	-	680	680	766	804	855
Vote 2 - FINANCIAL SERVICES		-	-	-	-	25 849	25 849	23 523	25 185	27 108
Vote 3 - CORPORATE SERVICES		-	-	-	-	3 482	3 482	2 778	2 956	3 079
Vote 4 - TECHNICAL SERVICES		-	-	-	-	56 301	56 301	57 817	53 586	55 771
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	86 311	86 311	84 884	82 531	86 814
Expenditure by Vote to be appropriated	1									
Vote 1 - MANAGEMENT SERVICES		-	-	-	-	11 330	11 330	15 699	14 325	15 080
Vote 2 - FINANCIAL SERVICES		-	-	-	-	10 007	10 007	25 954	23 642	23 728
Vote 3 - CORPORATE SERVICES		-	-	-	-	3 401	3 401	3 877	3 924	4 141
Vote 4 - TECHNICAL SERVICES		-	-	-	-	50 625	50 625	44 953	46 176	47 940
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	75 362	75 362	90 484	88 067	90 888
Surplus/(Deficit) for the year	2	-	-	-	-	10 949	10 949	(5 600)	(5 536)	(4 075)



**Table 16 Surplus/(Deficit) calculations for the trading services**

<i>Trading services</i>	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Electricity Income	7 961	7 701	14 783	18 194	18 019	18 019	19 479	22 823	23 415
Electricity Expenditure	6 782	7 393	12 900	18 341	15 436	15 436	20 258	20 433	20 670
Surplus / (deficit)	1 179	308	1 882	(147)	2 584	2 584	(780)	2 390	2 745
<i>Trading services</i>									
Water Income	6 654	6 963	12 180	13 101	13 078	13 078	8 924	9 821	10 831
Water Expenditure	4 498	4 862	8 946	1 324	7 351	7 351	5 458	5 237	5 316
Surplus / (deficit)	2 156	2 101	3 234	11 777	5 726	5 726	3 466	4 584	5 515

- The electricity trading surplus is deteriorating over the 2013/14 MTREF from This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
- The surplus on the water account remains relatively constant over the MTREF translating into a surplus.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

**Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

NC077 Siyathemba - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source												
Property rates	2		6 624	4 808	5 700	6 000	6 000	6 000	6 000	8 025	8 426	8 848
Property rates - penalties & collection charges			–	2	1 613	1 008	–	–	–	–	–	–
Service charges - electricity revenue	2		7 448	8 695	12 395	13 157	13 712	13 712	13 712	17 264	18 990	20 435
Service charges - water revenue	2		5 675	6 782	5 393	5 291	4 539	4 539	4 539	4 691	5 370	6 162
Service charges - sanitation revenue	2		4 004	4 525	2 620	2 460	2 951	2 951	2 951	3 776	4 464	4 464
Service charges - refuse revenue	2		1 935	2 000	600	102	767	767	767	1 065	1 243	1 418
Service charges - other			472	517	–	–	–	–	–	–	–	–
Rental of facilities and equipment			90	80	625	803	733	733	733	801	880	904
Interest earned - external investments			595	625	95	145	145	145	145	350	400	450
Interest earned - outstanding debtors			–	–	650	1 750	1 750	1 750	1 750	320	350	375
Dividends received			84	24	–	–	–	–	–	–	–	–
Fines			3	15	597	81	274	274	274	217	228	239
Licences and permits			1 620	1 920	48	5	20	20	20	5	5	5
Agency services			14 667	34 306	1 730	1 265	1 265	1 265	1 265	1 058	1 146	1 234
Transfers recognised - operational			327	367	32 384	24 097	24 097	24 097	24 097	25 600	26 039	27 761
Other revenue	2		327	367	–	–	4 356	4 356	4 356	7 578	1 332	1 599
Gains on disposal of PPE			–	–	–	–	500	500	500	–	–	–
Total Revenue (excluding capital transfers and contributions)			43 870	65 033	64 449	56 162	61 108	61 108	61 108	70 749	68 873	73 893
Expenditure By Type												
Employee related costs	2		18 439	19 152	27 104	30 461	27 642	27 642	27 642	33 167	35 288	37 326
Remuneration of councillors			1 001	1 750	1 902	2 069	2 182	2 182	2 182	2 494	2 688	2 850
Debt impairment	3		–	1 240	1 240	3 500	800	800	800	3 165	3 194	3 542
Depreciation & asset impairment	2		150	150	150	5 200	9 707	9 707	9 707	10 588	11 105	11 105
Finance charges			295	–	–	780	274	274	274	1 376	1 449	1 528
Bulk purchases	2		4 925	7 800	11 073	13 318	13 318	13 318	13 318	17 484	17 534	17 584
Other materials	8		–	–	–	5 628	–	–	–	–	–	–
Contracted services			–	–	–	800	800	800	800	700	700	700
Transfers and grants			–	–	–	–	3 989	3 989	3 989	813	500	500
Other expenditure	4, 5		–	–	–	–	30 727	30 727	30 727	27 196	15 609	15 755
Loss on disposal of PPE			–	–	–	–	–	–	–	–	–	–
Total Expenditure			24 811	30 092	41 469	61 756	89 439	89 439	89 439	96 984	88 067	90 888
Surplus/(Deficit)			19 059	34 941	22 980	(5 594)	(28 330)	(28 330)	(28 330)	(26 235)	(19 194)	(16 996)
Transfers recognised - capital			–	–	–	17 578	16 499	16 499	16 499	20 635	13 658	12 921
Contributions recognised - capital	6		–	–	–	–	–	–	–	–	–	–
Contributed assets			–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions			19 059	34 941	22 980	11 984	(11 831)	(11 831)	(11 831)	(5 600)	(5 536)	(4 075)
Taxation			–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation			19 059	34 941	22 980	11 984	(11 831)	(11 831)	(11 831)	(5 600)	(5 536)	(4 075)
Attributable to minorities			–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality			19 059	34 941	22 980	11 984	(11 831)	(11 831)	(11 831)	(5 600)	(5 536)	(4 075)
Share of surplus/ (deficit) of associate	7		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year			19 059	34 941	22 980	11 984	(11 831)	(11 831)	(11 831)	(5 600)	(5 536)	(4 075)

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R70.7 million in 2013/14 and escalates to R73.8million by 2015/16. This represents a year-on-year increase.
2. Revenue to be generated from property rates is R8. million in the 2013/14 financial year and increases to R8,8 million by 2015/16 which represents 11. per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 10 per cent, 10 per cent and 10 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R26,796 million for the 2013/14 financial year and increasing to R32,479 million by 2015/16. For the 2013/14 financial year services charges amount to 38 per cent of the total revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by the percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. Bulk purchases have significantly increased over the 2009/10 to 2015/16 period escalating from R4.9 million to R17.5 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWAF.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-
Executive and council											
Budget and treasury office											
Corporate services											
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		-	-	-	11 184	11 184	11 184	-	4 542	6 500	-
Planning and development					2 166	2 166	2 166				
Road transport					9 018	9 018	9 018		4 542	6 500	
Environmental protection											
<i>Trading services</i>		-	-	-	1 824	1 824	1 824	-	16 093	7 158	12 921
Electricity									4 235	3 950	3 100
Water											
Waste water management									11 858	3 208	9 821
Waste management					1 824	1 824	1 824				
<i>Other</i>											
<b>Total Capital Expenditure - Standard</b>	3	-	-	-	13 008	13 008	13 008	-	20 635	13 658	12 921
<b>Funded by:</b>											
National Government					13 008	13 008	13 008		20 635	13 658	12 921
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	13 008	13 008	13 008	-	20 635	13 658	12 921
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
<b>Total Capital Funding</b>	7	-	-	-	13 008	13 008	13 008	-	20 635	13 658	12 921

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R20.63 million for the 2013/14 financial year and remains relatively constant over the MTREF at levels of R13,658 million and R12,921 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. All capital over the MTREF will be financed by Grants from National and Provincial government. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 19 MBRR Table A6 - Budgeted Financial Position**

NC077 Siyathemba - Table A6 Budgeted Financial Position											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		1 013	2		1	1	1	1	1	1	1
Call investment deposits	1	–	–	500	–	–	–	–	–	–	–
Consumer debtors	1	2 340	5 000	7 000	26 000	49 433	49 433	49 433	47 722	50 431	56 253
Other debtors		633	665	700	(31 852)	8 470	8 470	8 470	14 719	24 159	74 441
Current portion of long-term receivables		11	12	15	–	26	26	26	25	23	22
Inventory	2	172	175	18	325	325	325	325	332	332	332
Total current assets		4 167	5 854	8 233	(5 526)	58 255	58 255	58 255	62 798	74 946	131 049
Non current assets											
Long-term receivables		125	130	135	97	68	68	68	66	65	63
Investments		–	1	250	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	126 772	140 000	–	257 619	274 598	274 598	274 598	267 315	269 870	271 208
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	–	–	35	35	35	35	32	31	29
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		126 897	140 131	385	257 751	274 700	274 700	274 700	267 414	269 966	271 301
TOTAL ASSETS		131 064	145 985	8 618	252 224	332 955	332 955	332 955	330 212	344 911	402 350
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	500	–	–	17 223	17 223	17 223	7 115	13 389	3 797
Borrowing	4	1 566	1 700	–	63	361	361	361	415	478	549
Consumer deposits		340	350	350	340	–	–	–	–	–	–
Trade and other payables	4	7 438	8 000	–	15 034	15 761	15 761	15 761	21 018	19 838	59 825
Provisions		20	25	25	30	3 854	3 854	3 854	3 856	4 090	5 267
Total current liabilities		9 363	10 575	375	15 467	37 198	37 198	37 198	32 405	37 795	69 438
Non current liabilities											
Borrowing		1 001	–	–	303	1 835	1 835	1 835	1 420	942	393
Provisions		–	–	–	20	13 403	13 403	13 403	14 275	15 204	16 194
Total non current liabilities		1 001	–	–	322	15 238	15 238	15 238	15 695	16 147	16 587
TOTAL LIABILITIES		10 364	10 575	375	15 789	52 436	52 436	52 436	48 100	53 941	86 025
NET ASSETS	5	120 700	135 410	8 243	236 435	280 519	280 519	280 519	282 112	290 970	316 324
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	113 048	115 000	115 000	256 652	242 876	242 876	242 876	227 422	221 886	217 812
Reserves		–	–	–	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	113 048	115 000	115 000	256 652	242 876	242 876	242 876	227 422	221 886	217 812

**Explanatory notes to Table A6 - Budgeted Financial Position**

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 20 MBRR Table A7 - Budgeted Cash Flow Statement**

NC077 Siyathemba - Table A7 Budgeted Cash Flows											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	33 756	27 457	15 891	45 164	33 345	33 345	33 345	41 351	38 636	41 625
Government - operating		–	15 759	19 439	24 097	24 562	24 562	24 562	27 798	29 927	30 166
Government - capital	1	–	6 387	7 026	17 578	12 429	12 429	12 429	18 300	9 708	9 821
Interest		642	685	639	1 895	145	145	145	350	400	450
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(30 953)	(38 010)	(38 446)	(58 380)	(73 552)	(73 552)	(73 552)	(73 308)	(69 662)	(69 967)
Finance charges		(471)	(200)	(115)	(780)	(1 331)	(1 331)	(1 331)	(1 376)	(1 449)	(1 528)
Transfers and Grants	1	–	(5 891)	(8 026)	(3 989)	(50)	(50)	(50)	(813)	(500)	(500)
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 973	6 187	(3 592)	25 585	(4 452)	(4 452)	(4 452)	12 301	7 059	10 067
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	350	–	500	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		715	691	584	2	–	–	–	–	–	–
Decrease (increase) other non-current receivables		10	–	–	35	3	3	3	3	3	3
Decrease (increase) in non-current investments		2 517	–	–	250	–	–	–	–	–	–
Payments											
Capital assets		–	(108)	(6 387)	(17 578)	–	–	–	(20 635)	(13 658)	(12 921)
NET CASH FROM/(USED) INVESTING ACTIVITIES		3 242	934	(5 803)	(16 791)	3	3	3	(20 632)	(13 655)	(12 918)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		40	45	50	(10)	–	–	–	–	–	–
Payments											
Repayment of borrowing		(1 001)	(95)	(650)	–	(314)	(314)	(314)	(361)	(415)	(478)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(961)	(50)	(600)	(10)	(314)	(314)	(314)	(361)	(415)	(478)
NET INCREASE/ (DECREASE) IN CASH HELD											
		5 253	7 070	(9 995)	8 784	(4 764)	(4 764)	(4 764)	(8 692)	(7 011)	(3 329)
Cash/cash equivalents at the year begin:	2	(2 712)	2 542	9 612	176	1 324	1 324	1 324	(3 439)	(12 131)	(19 142)
Cash/cash equivalents at the year end:	2	2 542	9 612	(383)	8 960	(3 439)	(3 439)	(3 439)	(12 131)	(19 142)	(22 471)

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality increased significantly over the 2009/10 to 2013/14 period owing directly to a net increase in cash for the financial year.
4. The approved 2013/14 MTREF provide for a further net increase in cash of R12.1 million for the 2013/14 financial year resulting in an overall projected negative cash position of R12.1 million at year end.
5. As part of the 2012/13 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors. These interventions translated into an expected net cash position of R12.1million for the 2013/14 financial year and cash and cash equivalents totaled R4.7 million at year end.
7. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R12.1 million as at the end of the 2013/14 financial year and deteriorates to R22.4 million by 2015/1.

**Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

NC077 Siyathemba - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	2 542	9 612	(383)	8 960	(3 439)	(3 439)	(3 439)	(12 131)	(19 142)	(22 471)
Other current investments > 90 days		(1 529)	(10 110)	883	(8 959)	(13 783)	(13 783)	(13 783)	5 017	5 754	18 675
Non current assets - Investments	1	-	1	250	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>1 013</b>	<b>(498)</b>	<b>750</b>	<b>1</b>	<b>(17 222)</b>	<b>(17 222)</b>	<b>(17 222)</b>	<b>(7 114)</b>	<b>(13 388)</b>	<b>(3 796)</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		57	-	-	800	775	775	775	6 032	4 852	44 839
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	3 506	4 014	(3 894)	21 600	(38 167)	(38 167)	(38 167)	(42 711)	(52 985)	(104 159)
Other provisions		-	-	-	-	-	-	-	3 856	4 090	5 267
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>3 563</b>	<b>4 014</b>	<b>(3 894)</b>	<b>22 399</b>	<b>(37 392)</b>	<b>(37 392)</b>	<b>(37 392)</b>	<b>(32 823)</b>	<b>(44 043)</b>	<b>(54 053)</b>
<b>Surplus(shortfall)</b>		<b>(2 550)</b>	<b>(4 512)</b>	<b>4 644</b>	<b>(22 398)</b>	<b>20 170</b>	<b>20 170</b>	<b>20 170</b>	<b>25 708</b>	<b>30 655</b>	<b>50 257</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.



3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2009/10 to 2013/14 the surplus escalating to R2.6million in the 2013/2014 financial year. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/14 MTREF was funded owing to the significant remaining surplus.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**Table 22 MBRR Table A9 - Asset Management**

NC077 Siyathemba - Table A9 Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	-	-	-	-	20 635	13 658	12 921
Infrastructure - Road transport		-	-	-	-	-	-	4 542	6 500	-
Infrastructure - Electricity		-	-	-	-	-	-	4 235	3 950	3 100
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	11 858	3 208	9 821
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	20 635	13 658	12 921
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	4 542	6 500	-
Infrastructure - Road transport		-	-	-	-	-	-	4 235	3 950	3 100
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	11 858	3 208	9 821
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	20 635	13 658	12 921
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	-	-	-	20 635	13 658	12 921
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5					91 304	91 304	94 298	97 419	97 419
Infrastructure - Electricity						20 397	20 397	19 671	18 893	18 893
Infrastructure - Water						65 534	65 534	62 913	60 107	60 107
Infrastructure - Sanitation						49 029	49 029	53 708	58 633	58 633
Infrastructure - Other						5 344	5 344	5 344	5 344	5 344
Infrastructure		-	-	-	-	231 609	231 609	235 935	240 397	240 397
Community						6 223	6 223	6 061	5 887	5 887
Heritage assets										
Investment properties		-	-	-	-					
Other assets						37 965	37 965	36 441	34 808	34 808
Agricultural Assets		-	-	-	-					
Biological assets		-	-	-	-					
Intangibles		-	-	-	-	35	35	32	31	29
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	35	275 833	275 833	278 468	281 124	281 122
EXPENDITURE OTHER ITEMS										
<u>Depreciation &amp; asset impairment</u>	3	150	150	150	5 200	9 707	9 707	10 588	11 105	11 105
<u>Repairs and Maintenance by Asset Class</u>		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		150	150	150	5 200	9 707	9 707	10 588	11 105	11 105
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations as the focus of resources is on new Basic service infrastructure and repair and maintenance amounts to 3 per cent.

**Table 23 MBRR Table A10 - Basic Service Delivery Measurement**

NC077 Siyathemba - Table A10 Basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Household service targets</b>	1									
<u>Water:</u>										
Piped water inside dwelling		2 620	2 621	3 150	3 150	3 150	3 150	3 150	3 150	3 150
Piped water inside yard (but not in dwelling)		2 058	2 058	2 200	2 200	2 200	2 200	2 200	2 200	2 200
Using public tap (at least min.service level)	2	238	238	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		4 916	4 917	5 350	5 350	5 350	5 350	5 350	5 350	5 350
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	4 916	4 917	5 350	5 350	5 350	5 350	5 350	5 350	5 350
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		3 842	4 000	4 100	4 100	4 100	4 100	4 100	4 100	4 100
Flush toilet (with septic tank)		1 298	1 305	1 350	1 350	1 350	1 350	1 350	1 350	1 350
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		776	776	776	776	776	776	776	776	776
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		5 916	6 081	6 226	6 226	6 226	6 226	6 226	6 226	6 226
Bucket toilet		205	205	205	205	205	205	205	205	205
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		335	335	335	335	335	335	335	335	335
Below Minimum Service Level sub-total		540	540	540	540	540	540	540	540	540
Total number of households	5	6 456	6 621	6 766	6 766	6 766	6 766	6 766	6 766	6 766
<u>Energy:</u>										
Electricity (at least min.service level)		4 349	4 349	4 349	4 349	4 349	4 349	4 349	4 349	4 349
Electricity - prepaid (min.service level)		397	400	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		4 746	4 749	4 349	4 349	4 349	4 349	4 349	4 349	4 349
Electricity (< min.service level)		120	233	120	233	233	233	233	233	233
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		120	233	120	233	233	233	233	233	233
Total number of households	5	4 866	4 982	4 469	4 582	4 582	4 582	4 582	4 582	4 582
<u>Refuse:</u>										
Removed at least once a week		5 069	5 069	5 000	5 000	5 000	5 000	5 000	5 000	5 000
Minimum Service Level and Above sub-total		5 069	5 069	5 000	5 000	5 000	5 000	5 000	5 000	5 000
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		5 069	5 069	5 069	5 069	5 069	5 069	5 069	5 069	5 069
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		5 069	5 069	5 069	5 069	5 069	5 069	5 069	5 069	5 069
Total number of households	5	10 138	10 138	10 069	10 069	10 069	10 069	10 069	10 069	10 069
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)					2 252	2 252	2 252	2 452	2 452	2 452
Sanitation (free minimum level service)					2 252	2 252	2 252	2 452	2 452	2 452
Electricity/other energy (50kwh per household per month)					2 252	2 252	2 252	2 452	2 452	2 452
Refuse (removed at least once a week)					2 252	2 252	2 252	2 452	2 452	2 452
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		1 143	1 523	1 635	1 950	1 950	1 950	165	248	372
Sanitation (free sanitation service)		583	5 602	1 182	1 500	1 500	1 500	318	477	715
Electricity/other energy (50kwh per household per month)		784	1 142	1 119	1 350	1 350	1 350	2 004	3 007	4 510
Refuse (removed once a week)								140	147	154
Total cost of FBS provided (minimum social package)		2 510	8 267	3 936	4 800	4 800	4 800	2 627	3 878	5 750
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		-	15 000	15 000	15 000			15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6			6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-					
Sanitation (Rand per household per month)		115	121	133	165			317 705	476 558	714 837
Electricity (kwh per household per month)		50	50	50	50			50	50	50
Refuse (average litres per week)		42	44	47	47					
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)								2 789	2 929	3 075
Water		1 523	1 540	1 800	2 467					
Sanitation		1 523	1 635	1 950	3 540			3 812	4 003	4 203
Electricity/other energy		5 602	1 182	1 500	1 806			2 119	2 225	2 336
Refuse		1 142	1 119	1 350	1 698			1 677	1 761	1 849
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6									
		9 790	5 476	6 600	9 511	-	-	10 398	10 918	11 464

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Water services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time. These households are largely found in 'reception areas' and will need to be moved to formal areas so that they can receive services.
  - b. Sanitation services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time.
  - c. Electricity services – backlog will be eradicated over the MTREF. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades.
  - d. Refuse services – backlog does not exist at this stage.
3. The budget provides for 2452 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase to 3782 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R10.3 million in 2013/14 increasing to R11.4 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

##### Schedule of Key Deadlines relation to budget process [MFMA s 21(1)(b)]

The table below reflects the IDP and budget time schedule.

##### Special Council Meeting: Budget and IDP Key deadlines

<b>By 30 November 2012</b>	Revise the IDP Workshop with heads of department Ask inputs from the community <b>(MSA &amp; MFMA)</b>
<b>By 31 January 2013</b>	Budget for salaries and wages Identify capital projects from the IDP <b>(MSA &amp; MFMA)</b>
<b>By 28 February 2013</b>	Compile draft budget Set preliminary tariffs Review budget related policies

	Compile draft IDP Make cash flow projections Prepare and send Treasury questionnaires <b>(MSA &amp; MFMA)</b>
<b>By 31 March 2013</b>	Table the draft budget Table the draft IDP <b>(MFMA 16(2))</b>
<b>By 30 April 2013</b>	Finalize the community participation process Consider Treasury and other input/ objections Finalize the PMS (Measurable Performance Objectives) Compile the SDBIP <b>(MFMA 75 (Info on websites))</b> <b>(MFMA 23 (Consultation on tabled budgets))</b>
<b>By 31 May 2013</b>	Table the budget for adoption Table the SDBIP to be noted by council Adopt the budget Adopt the IDP Adopt amendments to budget related policies Mayor approved SDBIP <b>MFMA 24 (Approval of Annual Budgets)</b> <b>MFMA 16 (Annual Budget)</b>
<b>By 30 June 2012</b>	All performance management contracts completed and signed Prepare and send Treasury questionnaires <b>(MSA &amp; MFMA)</b>

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
  - Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
  - The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2013/14 MTREF as tabled before Council on 08 April 2013 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.



Ward Committees were utilised to facilitate the community consultation process from 13 to 8 MAY 2011, and included 3 public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 200 were recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2013/14 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2013/14 MTREF compared to the draft 2013/14 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2012, was factored into the proposed consumer tariffs, applicable from 1 July 2012. This resulted in an increase of 8 per cent;
- The 2013 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

## 2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 24 IDP Strategic Objectives**

<b>2011/12 Financial Year</b>	<b>2013/14 MTREF</b>
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Municipal Institutional Development and Transformation	2. Economic growth and development that leads to sustainable job creation
3. Municipal Financial Viability and Management	To effectively manage the revenue and expenditure functions of the municipality To implement an effective system of budgeting and in year reporting procedures
4. Good Governance and Public Participation	4. Promote sound governance Ensure financial sustainability Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide Municipality planning services; and
  - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective Municipality cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Siyathemba principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Siyathemba in the revenue management strategy.
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

**Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Basic delivery	Waste Management			–	–	194	3 990	1 824	1 824			
Basic delivery	Planning and development			–	–	3 846	2 136	2 166	2 166			
Basic delivery	Housing											
Basic delivery	Sport and recreation											
Basic delivery	Waste Water Management			2 300								
Basic delivery	Road transport			1 373	4 329	3 095	–	9 018	9 018			
Basic delivery	Electricity			–	2 058	2 912				4 235	3 950	3 106
Basic delivery	Water			–	–	6 777	10 252			11 858	3 208	9 821
Basic delivery	Road transport			1 373	4 329					4 542	6 500	
Basic delivery	All services			38 636	53 950	36 643	52 878	89 439	89 439	96 984	88 067	90 881
Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)				43 682	64 666	53 468	69 256	102 447	102 447	117 619	101 725	103 801

**Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

NC077 Siyathemba - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

[illegible]

**Table 27 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

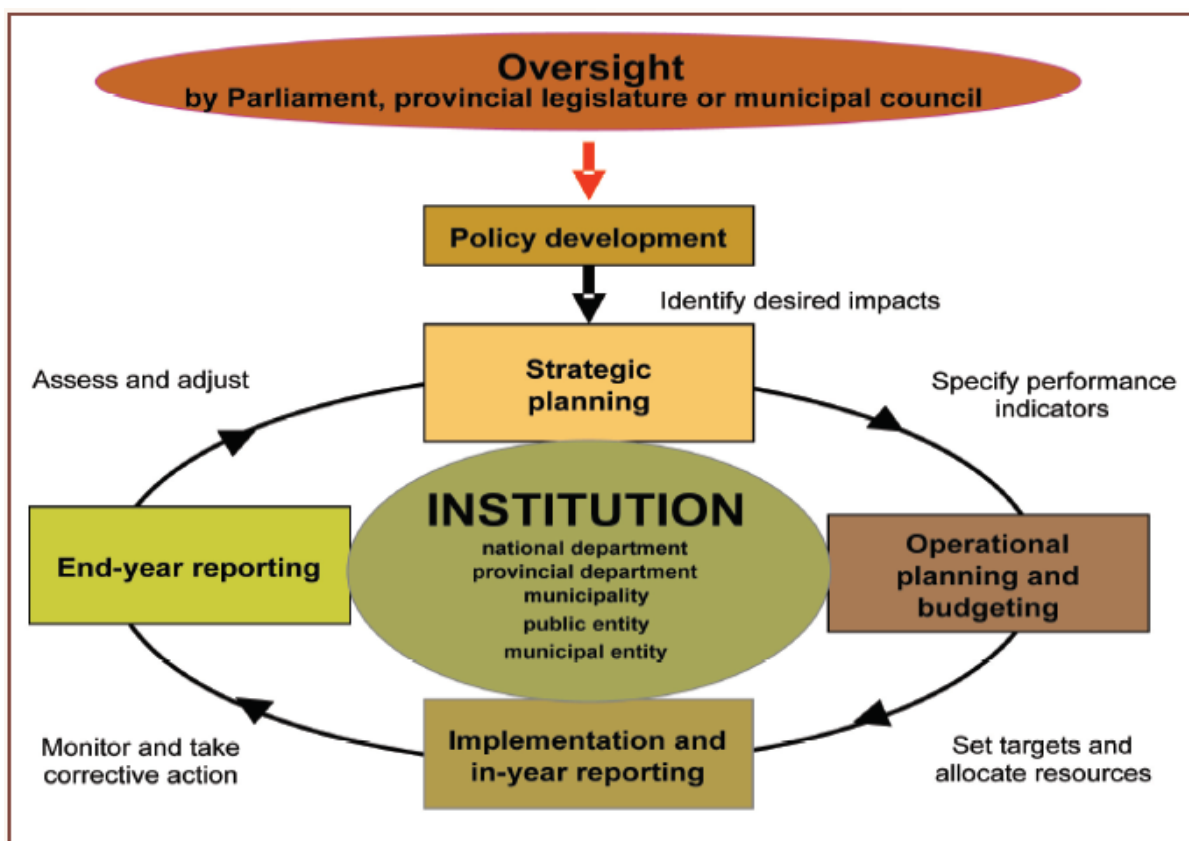
NC077 Siyathemba - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Vote 1 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
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<b>Vote 2 - vote name</b>										
Function 1 - (name)										
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Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
<b>Vote 3 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
<b>And so on for the rest of the Votes</b>										

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



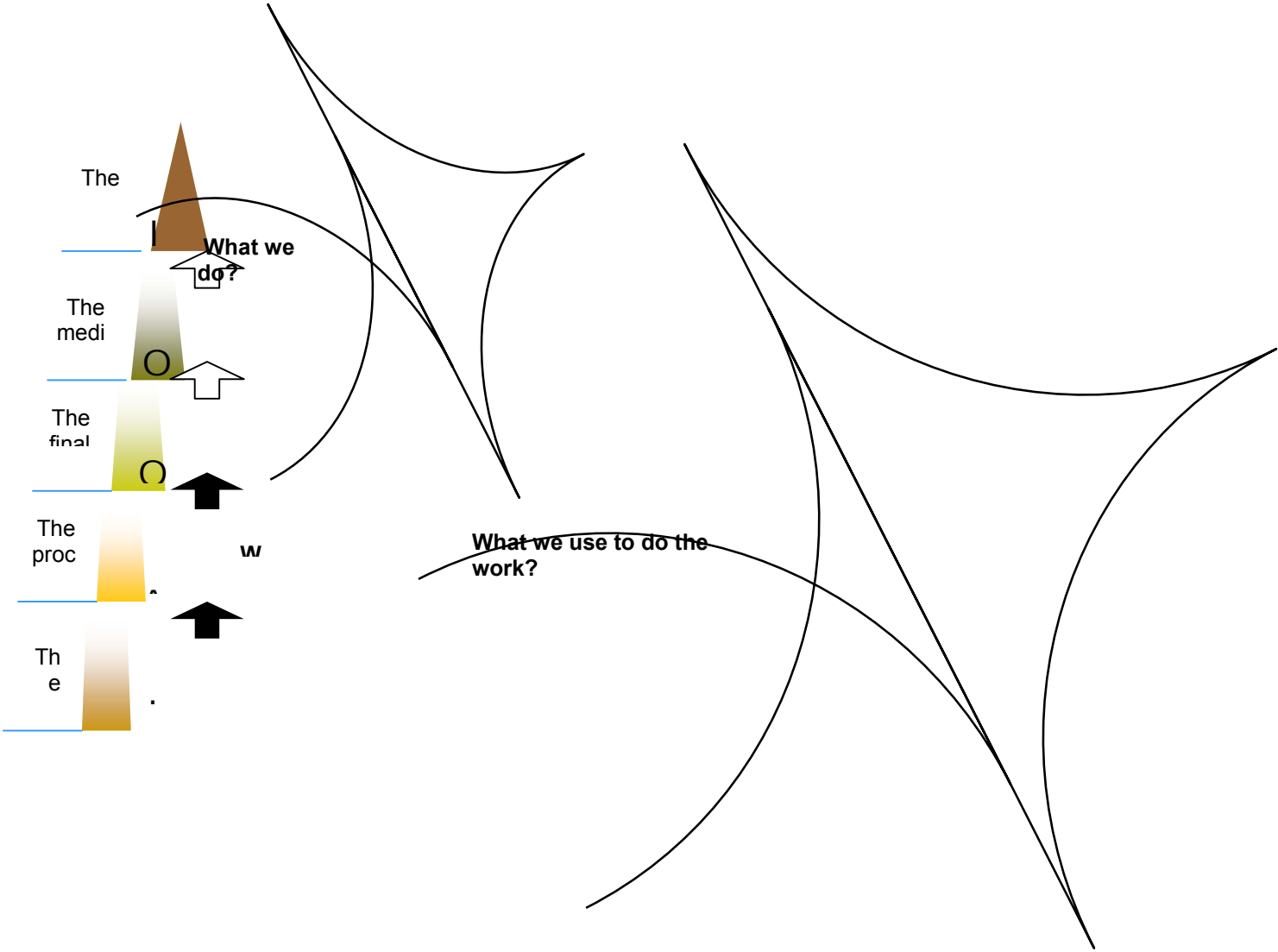
**Figure 1 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:



- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:



## Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 28 MBRR Table SA7 - Measurable performance objectives**

NC077 Siyathemba - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Vote 1 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
<b>Vote 2 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
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Sub-function 2 - (name)										
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Sub-function 2 - (name)										
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Sub-function 3 - (name)										
Insert measure's description										
<b>Vote 3 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
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Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

**Table 29 MBRR Table SA8 - Performance indicators and benchmarks**

NC077 Siyathemba - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.2%	0.3%	1.6%	1.3%	0.7%	0.7%	0.7%	1.8%	2.1%	2.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.0%	0.1%	2.0%	2.4%	1.6%	1.6%	1.6%	3.8%	4.4%	4.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0.4	0.6	22.0	(0.4)	1.6	1.6	1.6	1.9	2.0	1.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.6	22.0	(0.4)	1.6	1.6	1.6	1.9	2.0	1.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		80.4%	44.0%	51.5%	141.6%	91.7%	91.7%	91.7%	92.3%	91.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			78.8%	42.9%	49.7%	141.5%	91.7%	91.7%	91.7%	92.3%	91.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.1%	8.9%	12.2%	-10.2%	94.9%	94.9%	94.9%	88.4%	108.4%	177.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		233.9%	67.6%	0.0%	150.2%	-435.7%	-435.7%	-435.7%	-123.5%	-78.3%	-66.7%
<b>Other Indicators</b>											
	Total Volume Losses (kW)										
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	Total Volume Losses (kℓ)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	42.0%	29.4%	42.1%	54.2%	45.2%	45.2%	45.2%	46.9%	51.2%	50.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	7.2%	4.6%	39.8%	53.3%	49.0%	49.0%		46.3%	51.3%	51.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	1.0%	0.2%	0.2%	10.6%	16.3%	16.3%	16.3%	16.9%	18.2%	17.1%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	55.8	50.2	16.9	69.8	69.8	69.8	52.0	55.4	46.2	49.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	11.4%	20.7%	26.7%	-20.3%	201.8%	201.8%	201.8%	175.4%	189.5%	309.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.3	3.9	(0.1)	2.0	(0.7)	(0.7)	(0.7)	(2.1)	(3.4)	(3.9)

## 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Siyathemba Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.9 in the 2013/14 financial year and 2 and 1.9 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 1.9 and as part of the financial planning strategy it has been stabilized at 1.9 in the 2013/14 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### 2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2013/14 financial year 2452 registered indigents have been provided for in the budget with this figured increasing to 2700 by 2014/15. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, sanitation and free waste removal equivalent to removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 44.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

## 2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, a payment incentive scheme has been implemented and has delivered significant results in the recovery of older debt.

#### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **2.4.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted in June 2012 and will be effective from 1 July 2013.

#### **2.4.5 Budget Policy**

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policy was approved by Council in May 2011 and was amended on 08 April 2013 in respect of both Operating and Capital Budget Fund Transfers.

#### **2.4.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy were amended by Council in May 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

#### **2.4.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

#### **2.4.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2013/14 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);



- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

In regional context, this meant that the Siyathemba Municipality contributed 11.9% to the District population (i.e. the second largest Local M in the District by population) and 1.9% to the population of the Northern Cape. The most dominant population group is Coloured<sup>4</sup>. This group represents 80% of the total population in the municipal area. The other groups are black (12%) and white (8%). Afrikaans is the most widely spoken language (78%). There are an insignificant number of people which speaks other languages. A total of 824 people indicated that IsiNdebele is their first language and 91 people speak Setswana.

For all persons aged 15-65, the employment status within the Siyathemba Municipal Area is as follows: 40% is employed, 33% is not economically active, and 23% is unemployed. During 2007, some 5,200 people in Siyathemba received social grants, which accounted for 11.9% of such grants in the District<sup>15</sup>. The most popular grant received by dependents in all four regions under observation was the Child Support Grant. In Siyathemba, around 2,600 people received this grant during 2007. In fact, the Child Support Grant made up 50.8% of all Social Grants received in Siyathemba, slightly lower than Pixley ka Seme, Northern Cape and South Africa during 2007. The second most popular Social Grant received by dependents in all four regions was Disability, followed by Old Age Pensions Grants. In Siyathemba, some 1,200 people received a Disability Grant, while about 1,400 received an Old Age Pension Grant during 2007.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and

- The increase in the cost of remuneration. Employee related costs comprise **38 per cent** of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### **2.5.3 Credit rating outlook**

No credit rating have been done by the Municipality

### **2.5.4 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for Siyathemba Municipality the 2013/14 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

### **2.5.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (60 per cent) of annual billings. Cash flow is assumed to be 60 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.6 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **2.5.7 Salary increases**

The collective agreement regarding salaries/wages that came into operation on 1 July 2009 ends on 30 June 2012. The new agreement has not been reached and a provision of 8 per cent has been made.

### 2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 30 Breakdown of the operating revenue over the medium-term**

Description	2012/13 Medium Term Revenue & Expenditure Framework					
	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<b>Financial Performance</b>						
Property rates	4 452	5.57%	4 103	5.57%	4 312	5.57%
Service charges	38 319	47.95%	40 485	47.60%	42 668	47.28%
Investment revenue	18		19	0.02%	19	0.02%
Transfers recognised - operational	32 979	41.27%	35 681	41.90%	38 242	42.48%
Other own revenue	4 138	5.17%	4 682	5.50%	5 012	5.55%
	79 906		84 969		90 253	

### Figure 3 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 70 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

#### Table 31 MBRR SA15 – Detail Investment Information

Insignificant to the total budget

#### Table 32 MBRR SA16 – Investment particulars by maturity

Insignificant to the budget

### 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

**Table 33 Sources of capital revenue over the MTREF**

<b>Capital Transfers and Grants</b>									
National Government:	3 673	6 387	7 026	10 246	10 246	10 246	12 479	13 111	13 869
Municipal Infrastructure Grant (MIG)	3 673	6 387	7 026	10 246	10 246	10 246	12 429	13 111	13 869
Regional Bulk Infrastructure							50	–	–
Other capital transfers/grants [insert desc]									
Provincial Government:	–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]									
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]									
Other grant providers:	–	–	–	–	–	–	2 870	2 870	–
DWAF							2 870	2 870	
<b>Total Capital Transfers and Grants</b>	<b>3 673</b>	<b>6 387</b>	<b>7 026</b>	<b>10 246</b>	<b>10 246</b>	<b>10 246</b>	<b>15 349</b>	<b>15 981</b>	<b>13 869</b>

**Figure 4 Sources of capital revenue for the 2013/14 financial year**

Capital grants and receipts equate to **100 per cent** of the total funding source and continue the same over the MTREF.

The following table is a detailed analysis of the Municipality's borrowing liability.

**Table 34 MBRR Table SA 17 - Detail of borrowings**

Insignificant to the budget. Only Only Loan Amounting to R5.26 million

**Figure 5 Growth in outstanding borrowing (long-term liabilities)****Table 35 MBRR Table SA 18 - Capital transfers and grant receipts**

Capital Transfers and Grants										
National Government:		6 387	7 026	10 246	12 479	12 479	12 429	18 300	9 708	9 821
Municipal Infrastructure Grant (MIG)		6 387	7 026	10 246	12 429	12 429	12 429	11 800	9 708	9 821
Regional Bulk Infrastructure					50	50		6 500		
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	6 387	7 026	10 246	12 479	12 479	12 429	18 300	9 708	9 821
TOTAL RECEIPTS OF TRANSFERS & GRANTS		19 500	24 936	29 942	37 776	37 776	37 726	46 041	39 514	40 682

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 36 MBRR Table A7 - Budget cash flow statement**

NC077 Siyathemba - Table A7 Budgeted Cash Flows

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other			33 756	27 457	15 891	45 164	33 345	33 345	33 345	41 351	38 636	41 625
Government - operating		1	–	15 759	19 439	24 097	24 562	24 562	24 562	27 798	29 927	30 166
Government - capital		1	–	6 387	7 026	17 578	12 429	12 429	12 429	18 300	9 708	9 821
Interest			642	685	639	1 895	145	145	145	350	400	450
Dividends					–	–	–	–	–	–	–	–
Payments												
Suppliers and employees			(30 953)	(38 010)	(38 446)	(58 380)	(73 552)	(73 552)	(73 552)	(73 308)	(69 662)	(69 967)
Finance charges			(471)	(200)	(115)	(780)	(1 331)	(1 331)	(1 331)	(1 376)	(1 449)	(1 528)
Transfers and Grants		1	–	(5 891)	(8 026)	(3 989)	(50)	(50)	(50)	(813)	(500)	(500)
NET CASH FROM/(USED) OPERATING ACTIVITIES			2 973	6 187	(3 592)	25 585	(4 452)	(4 452)	(4 452)	12 301	7 059	10 067
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			–	350	–	500				–	–	–
Decrease (Increase) in non-current debtors			715	691	584	2				–	–	–
Decrease (increase) other non-current receivables			10	–	–	35	3	3	3	3	3	3
Decrease (increase) in non-current investments			2 517	–	–	250				–	–	–
Payments												
Capital assets				(108)	(6 387)	(17 578)				(20 635)	(13 658)	(12 921)
NET CASH FROM/(USED) INVESTING ACTIVITIES			3 242	934	(5 803)	(16 791)	3	3	3	(20 632)	(13 655)	(12 918)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			–	–	–	–				–	–	–
Borrowing long term/refinancing			–	–	–	–				–	–	–
Increase (decrease) in consumer deposits			40	45	50	(10)				–	–	–
Payments												
Repayment of borrowing			(1 001)	(95)	(650)	–	(314)	(314)	(314)	(361)	(415)	(478)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(961)	(50)	(600)	(10)	(314)	(314)	(314)	(361)	(415)	(478)
NET INCREASE/ (DECREASE) IN CASH HELD			5 253	7 070	(9 995)	8 784	(4 764)	(4 764)	(4 764)	(8 692)	(7 011)	(3 329)
Cash/cash equivalents at the year begin:		2	(2 712)	2 542	9 612	176	1 324	1 324	1 324	(3 439)	(12 131)	(19 142)
Cash/cash equivalents at the year end:		2	2 542	9 612	(383)	8 960	(3 439)	(3 439)	(3 439)	(12 131)	(19 142)	(22 471)

### 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?

- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

NC077 Siyathemba - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	2 542	9 612	(383)	8 960	(3 439)	(3 439)	(3 439)	(12 131)	(19 142)	(22 471)
Other current investments > 90 days		(1 529)	(10 110)	883	(8 959)	(13 783)	(13 783)	(13 783)	5 017	5 754	18 675
Non current assets - Investments	1	-	1	250	-	-	-	-	-	-	-
Cash and investments available:		1 013	(498)	750	1	(17 222)	(17 222)	(17 222)	(7 114)	(13 388)	(3 796)
<b>Application of cash and investments</b>											
Unspent conditional transfers		57	-	-	800	775	775	775	6 032	4 852	44 839
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	3 506	4 014	(3 894)	21 600	(38 167)	(38 167)	(38 167)	(42 711)	(52 985)	(104 159)
Other provisions		-	-	-	-	-	-	-	3 856	4 090	5 267
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		3 563	4 014	(3 894)	22 399	(37 392)	(37 392)	(37 392)	(32 823)	(44 043)	(54 053)
Surplus(shortfall)		(2 550)	(4 512)	4 644	(22 398)	20 170	20 170	20 170	25 708	30 655	50 257

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

### 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 38 MBRR SA10 – Funding compliance measurement**

NC077 Siyathemba Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	2 542	9 612	(383)	8 960	(3 439)	(3 439)	(3 439)	(12 131)	(19 142)	(22 471)
Cash + investments at the yr end less applications - R'000	18(1)b	2	(2 550)	(4 512)	4 644	(22 398)	20 170	20 170	20 170	25 708	30 655	50 257
Cash year end/monthly employee/supplier payments	18(1)b	3	1.3	3.9	(0.1)	2.0	(0.7)	(0.7)	(0.7)	(2.1)	(3.4)	(3.9)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	19 059	34 941	22 980	11 984	(11 831)	(11 831)	(11 831)	(5 600)	(5 536)	(4 075)
Service charge rev % change - macro CPIX target exclusive	18(1)a.(2)	5	N.A.	(1.5%)	(2.4%)	(7.1%)	(6.2%)	(6.0%)	(6.0%)	18.5%	4.5%	1.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a.(2)	6	78.8%	42.9%	49.7%	141.5%	91.7%	91.7%	91.7%	92.3%	91.0%	91.1%
Debt impairment expense as a % of total billable revenue	18(1)a.(2)	7	0.0%	4.5%	4.3%	12.1%	2.8%	2.8%	2.8%	8.9%	8.1%	8.4%
Capital payments % of capital expenditure	18(1)c.19	8	0.0%	0.0%	0.0%	135.1%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(dec)	18(1)a	11	N.A.	90.3%	35.9%	(175.9%)	(1089.8%)	0.0%	0.0%	7.8%	19.4%	75.2%
Long term receivables % change - inc/(dec)	18(1)a	12	N.A.	3.9%	3.8%	(28.2%)	(30.2%)	0.0%	0.0%	(2.1%)	(2.3%)	(2.5%)
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

#### 2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2013/14 MTREF.

#### 2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### 2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly



payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2009/10 to 2013/14, moving from 0.8 to (0.6) with the adopted 2013/14 MTREF. As part of the 2013/14 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then further to 2 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 5 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 12.1, 4.2 and 2.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 60 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure

and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 12.1, 4.5 and 2.1 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on [page 66](#).

#### *2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

#### *2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

#### *2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy

pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C on page 90.

*2.6.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 39 MBRR SA19 - Expenditure on transfers and grant programmes**

NC077 Siyathemba - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
<b>EXPENDITURE:</b>	<b>1</b>									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		12 606	17 391	19 154	24 608	24 608	24 608	27 046	29 111	30 166
Local Government Equitable Share		11 006	15 441	16 914	20 108	20 108	20 108	21 171	22 427	24 149
Finance Management		750	1 200	1 450	1 500	1 500	1 500	1 650	1 800	1 950
Municipal Systems Improvement		850	750	790	800	800	800	890	934	967
Integrated National Electrification Programme					1 200	1 200	1 200	2 335	3 950	3 100
EPWP Incentive					1 000	1 000	1 000	1 000		
<b>0</b>										
Provincial Government:		507	519	542	689	689	689	695	695	695
Library Grant		507	519	542	689	689	689	695	695	695
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total operating expenditure of Transfers and Grants:</b>		<b>13 113</b>	<b>17 910</b>	<b>19 696</b>	<b>25 297</b>	<b>25 297</b>	<b>25 297</b>	<b>27 741</b>	<b>29 806</b>	<b>30 861</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		6 387	7 026	10 246	12 479	12 479	12 429	18 300	9 708	9 821
Municipal Infrastructure Grant (MIG)		6 387	7 026	10 246	12 429	12 429	12 429	11 800	9 708	9 821
Regional Bulk Infrastructure					50	50		6 500		
<b>Other capital transfers/grants [insert desc]</b>										
Provincial Government:		-	-	-	-	-	-	-	-	-
<b>Other capital transfers/grants [insert description]</b>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total capital expenditure of Transfers and Grants</b>		<b>6 387</b>	<b>7 026</b>	<b>10 246</b>	<b>12 479</b>	<b>12 479</b>	<b>12 429</b>	<b>18 300</b>	<b>9 708</b>	<b>9 821</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>19 500</b>	<b>24 936</b>	<b>29 942</b>	<b>37 776</b>	<b>37 776</b>	<b>37 726</b>	<b>46 041</b>	<b>39 514</b>	<b>40 682</b>

**Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

NC077 Siyathemba - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
<b>Operating transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year					24 608	24 608	24 608	27 046	29 111	30 166
Current year receipts					24 608	24 608	24 608	27 046	29 111	30 166
Conditions met - transferred to revenue		-	-	-						
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year					689	689	689	695	695	695
Current year receipts					689	689	689	695	695	695
Conditions met - transferred to revenue		-	-	-						
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-						
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-						
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		-	-	-	25 297	25 297	25 297	27 741	29 806	30 861
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year					-	-	12 429	18 300	9 708	9 821
Current year receipts					-	-	12 429	18 300	9 708	9 821
Conditions met - transferred to revenue		-	-	-						
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-						
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-						
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-						
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	-	-	-	-	12 429	18 300	9 708	9 821
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	-	-	25 297	25 297	37 726	46 041	39 514	40 682
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-

## 2.8 Councillor and employee benefits

**Table 41 MBRR SA22 - Summary of councillor and staff benefits**

NC077 Siyathemba - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		1 112	1 195	1 282	1 806	1 806	1 806	2 388	2 582	2 744
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		371	371	396	–	–	–	–	–	–
Cellphone Allowance		92	92	96	106	106	106	106	106	106
Housing Allowances										
Other benefits and allowances										
<b>Sub Total - Councillors</b>		1 574	1 658	1 774	1 912	1 912	1 912	2 494	2 688	2 850
<b>% increase</b>	4		5.3%	7.0%	7.8%	–	–	30.4%	7.8%	6.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		1 162	1 249	2 189	2 364	2 364	2 364	2 529	2 706	2 896
Pension and UIF Contributions		216		243	263	263	263	281	301	322
Medical Aid Contributions		135		208	225	225	225	241	257	275
Overtime		22	22					–	–	–
Performance Bonus		9	9					–	–	–
Motor Vehicle Allowance	3	22	22	403	436	436	436	466	499	534
Cellphone Allowance	3			23	24	24	24	26	28	30
Housing Allowances	3			22	24	24	24	26	27	29
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		1 566	1 303	3 088	3 335	3 335	3 335	3 569	3 819	4 086
<b>% increase</b>	4		(16.8%)	137.1%	8.0%	–	–	7.0%	7.0%	7.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages				16 986	19 459	19 459	19 459	21 016	22 697	24 513
Pension and UIF Contributions										
Medical Aid Contributions				647	744	744	744	803	867	937
Overtime					703	703	703	759	819	885
Performance Bonus										
Motor Vehicle Allowance	3			1 020	1 199	1 199	1 199	1 295	1 399	1 510
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3			730	915	915	915	988	1 067	1 152
Payments in lieu of leave	3			842	971	971	971	1 049	1 133	1 223
Long service awards				589	703	703	703	759	820	885
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		–	–	20 814	24 692	24 692	24 692	26 668	28 801	31 105
<b>% increase</b>	4		–	–	18.6%	–	–	8.0%	8.0%	8.0%
<b>Total Parent Municipality</b>		3 140	2 961	25 676	29 939	29 939	29 939	32 730	35 308	38 041
			(5.7%)	767.2%	16.6%	–	–	9.3%	7.9%	7.7%
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Board Members of Entities</b>		–	–	–	–	–	–	–	–	–
<b>% increase</b>	4		–	–	–	–	–	–	–	–
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Entities</b>		–	–	–	–	–	–	–	–	–
<b>% increase</b>	4		–	–	–	–	–	–	–	–
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Staff of Entities</b>		–	–	–	–	–	–	–	–	–
<b>% increase</b>	4		–	–	–	–	–	–	–	–
<b>Total Municipal Entities</b>		–	–	–	–	–	–	–	–	–
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		3 140	2 961	25 676	29 939	29 939	29 939	32 730	35 308	38 041
<b>% increase</b>	4		(5.7%)	767.2%	16.6%	–	–	9.3%	7.9%	7.7%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	1 566	1 303	23 902	28 027	28 027	28 027	30 236	32 620	35 191

NC077 Siyathemba - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

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**Table 43 MBRR SA24 – Summary of personnel numbers**

NC077 Siyathemba - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		8	–	8	8	–	8	8	–	8
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	4	1	2	4	1	2	4	1	2
Other Managers	7	3	1	2	3	1	2	3	1	2
<b>Professionals</b>		39	24	17	39	24	17	39	24	17
Finance		21	13	4	21	13	4	21	13	4
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		18	11	7	18	11	7	18	11	7
<b>Technicians</b>		133	111	23	133	129	5	133	129	5
Finance										
Spatial/town planning										
Information Technology										
Roads		38	32	5	38	37	1	38	37	1
Electricity		17	11	5	17	16	1	17	16	1
Water		15	11	6	15	14	1	15	14	1
Sanitation		19	13	6	19	18	1	19	18	1
Refuse		17	17	1	17	17	1	17	17	1
Other		27	27		27	27		27	27	
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	187	137	46	187	155	28	187	155	28
% increase					–	13.1%	(39.1%)	–	–	–
Total municipal employees headcount	6, 10	187	137	46	187	155	28	187	155	28
Finance personnel headcount	8, 10	21	13	4	21	13	4	21	13	4
Human Resources personnel headcount	8, 10	1	1	1	1	1	1	1	1	1



## 2.9 Monthly targets for revenue, expenditure and cash flow

### Table 44 MBRR SA25 - Budgeted monthly revenue and expenditure

NC077 Siyathemba - Supporting Table SA25 Budgeted monthly revenue and expenditure

Cov077 Syatembu - Supporting Table SA23 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source																
Property rates		6 000	–	2 025	–	–	–	–	–	–	–	–	(0)	8 025	8 426	8 848
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	1 800	1 800	1 000	1 000	1 000	1 439	1 439	1 439	1 439	1 439	1 670	1 800	17 264	18 990	20 435	
Service charges - water revenue	391	391	391	391	391	391	391	391	391	391	391	391	4 691	5 370	6 162	
Service charges - sanitation revenue	315	315	315	315	315	315	315	315	315	315	315	315	3 776	4 464	4 464	
Service charges - refuse revenue	89	89	89	89	89	89	89	89	89	89	89	89	1 065	1 243	1 418	
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	67	67	67	67	67	67	67	67	67	67	67	67	801	880	904	
Interest earned - external investments	29	29	29	29	29	29	29	29	29	29	29	29	350	400	450	
Interest earned - outstanding debtors	27	27	27	27	27	27	27	27	27	27	27	27	320	350	375	
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	18	18	18	18	18	18	18	18	18	18	18	18	217	228	239	
Licences and permits	–	–	–	–	–	–	–	–	–	–	–	–	5	5	5	5
Agency services	88	88	88	88	88	88	88	88	88	88	88	88	1 058	1 146	1 224	
Transfers recognised - operational	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	25 600	26 039	27 761	
Other revenue	631	631	631	631	631	631	631	631	631	631	631	631	7 578	1 332	1 599	
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	11 588	5 588	6 813	4 788	4 788	5 227	5 227	5 227	5 227	5 227	5 458	5 593	70 749	68 873	73 893	
Expenditure By Type																
Employee related costs	2 764	2 764	2 764	2 764	2 764	2 764	2 764	2 764	2 764	2 764	2 764	2 764	33 167	35 288	37 326	
Remuneration of councillors	208	208	208	208	208	208	208	208	208	208	208	208	2 494	2 688	2 850	
Debt impairment	–	–	–	–	–	–	–	–	–	–	–	–	3 165	3 165	3 194	
Depreciation & asset impairment	–	–	–	–	–	–	–	–	–	–	–	–	10 588	10 588	11 105	
Finance charges	115	115	115	115	115	115	115	115	115	115	115	115	1 376	1 449	1 528	
Bulk purchases	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	17 484	17 534	17 584	
Other materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services	58	58	58	58	58	58	58	58	58	58	58	58	700	700	700	
Transfers and grants	68	68	68	68	68	68	68	68	68	68	68	68	813	500	500	
Other expenditure	2 266	2 266	2 266	2 266	2 266	2 266	2 266	2 266	2 266	2 266	2 266	2 266	27 196	15 609	15 755	
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	6 936	6 936	6 936	6 936	6 936	6 936	6 936	6 936	6 936	6 936	6 936	6 936	20 689	26 984	88 067	90 888
Surplus/(Deficit)	4 652	(1 348)	(123)	(2 148)	(2 148)	(1 709)	(1 709)	(1 709)	(1 709)	(1 709)	(1 478)	(15 096)	(26 235)	(19 194)	(16 996)	(16 996)
Transfers recognised - capital	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	20 635	13 658	12 921	12 921
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	6 372	372	1 597	(428)	(428)	10	10	10	10	10	242	(13 376)	(5 600)	(5 536)	(4 075)	(4 075)
Taxation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	6 372	372	1 597	(428)	(428)	10	10	10	10	242	(13 376)	(5 600)	(5 536)	(4 075)	(4 075)

**Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

NC077 Siyathemba - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 1 - MANAGEMENT SERVICES		64	64	64	64	64	64	64	64	64	64	64	64	766	804	855
Vote 2 - FINANCIAL SERVICES		1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	23 523	25 185	27 108
Vote 3 - CORPORATE SERVICES		231	231	231	231	231	231	231	231	231	231	231	231	2 778	2 956	3 079
Vote 4 - TECHNICAL SERVICES		4 818	4 818	4 818	4 818	4 818	4 818	4 818	4 818	4 818	4 818	4 818	4 818	57 817	53 586	55 771
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>84 884</b>	<b>82 531</b>	<b>86 814</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - MANAGEMENT SERVICES		1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 699	14 325	15 080
Vote 2 - FINANCIAL SERVICES		2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	25 954	23 642	23 728
Vote 3 - CORPORATE SERVICES		323	323	323	323	323	323	323	323	323	323	323	323	3 877	3 924	4 141
Vote 4 - TECHNICAL SERVICES		3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	44 953	46 176	47 940
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>90 484</b>	<b>88 067</b>	<b>90 888</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(5 600)</b>	<b>(5 536)</b>	<b>(4 075)</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(5 600)</b>	<b>(5 536)</b>	<b>(4 075)</b>

**Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

NC077 Siyathemba - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		2 086	2 086	2 086	2 086	2 086	2 086	2 086	2 086	2 086	2 086	2 086	2 086	25 031	26 805	28 800
Executive and council		64	64	64	64	64	64	64	64	64	64	64	64	766	804	855
Budget and treasury office		1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	23 523	25 185	27 108
Corporate services		62	62	62	62	62	62	62	62	62	62	62	62	743	817	837
<i>Community and public safety</i>		67	67	67	67	67	67	67	67	67	67	67	67	809	820	829
Community and social services		62	62	62	62	62	62	62	62	62	62	62	62	749	754	759
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		5	5	5	5	5	5	5	5	5	5	5	5	60	66	70
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	20 251	10 725	10 939
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	20 251	10 725	10 939
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3 233	3 233	3 233	3 233	3 233	3 233	3 233	3 233	3 233	3 233	3 233	3 233	38 792	44 181	46 246
Electricity		1 623	1 623	1 623	1 623	1 623	1 623	1 623	1 623	1 623	1 623	1 623	1 623	19 479	22 823	23 415
Water		744	744	744	744	744	744	744	744	744	744	744	744	8 924	9 821	10 831
Waste water management		632	632	632	632	632	632	632	632	632	632	632	632	7 588	8 467	8 667
Waste management		234	234	234	234	234	234	234	234	234	234	234	234	2 802	3 070	3 333
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>		<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>7 074</b>	<b>84 884</b>	<b>82 531</b>	<b>86 614</b>
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		3 489	3 489	3 489	3 489	3 489	3 489	3 489	3 489	3 489	3 489	3 489	3 489	41 865	38 179	39 620
Executive and council		1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 699	14 325	15 080
Budget and treasury office		2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	25 954	23 642	23 728
Corporate services		18	18	18	18	18	18	18	18	18	18	18	18	212	212	212
<i>Community and public safety</i>		338	338	338	338	338	338	338	338	338	338	338	338	4 059	4 326	4 637
Community and social services		147	147	147	147	147	147	147	147	147	147	147	147	1 761	1 837	1 946
Sport and recreation		189	189	189	189	189	189	189	189	189	189	189	189	2 272	2 462	2 664
Public safety		2	2	2	2	2	2	2	2	2	2	2	2	26	27	27
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		838	838	838	838	838	838	838	838	838	838	838	838	10 062	10 527	11 164
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		838	838	838	838	838	838	838	838	838	838	838	838	10 062	10 527	11 164
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	34 487	35 024	36 058
Electricity		1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	20 258	20 433	20 670
Water		455	455	455	455	455	455	455	455	455	455	455	455	5 458	5 237	5 316
Waste water management		357	357	357	357	357	357	357	357	357	357	357	357	4 284	4 544	4 888
Waste management		374	374	374	374	374	374	374	374	374	374	374	374	4 488	4 810	5 184
<i>Other</i>		1	1	1	1	1	1	1	1	1	1	1	1	10	10	10
<b>Total Expenditure - Standard</b>		<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>7 540</b>	<b>90 484</b>	<b>88 067</b>	<b>90 888</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(5 600)</b>	<b>(5 536)</b>	<b>(4 075)</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(467)</b>	<b>(5 600)</b>	<b>(5 536)</b>	<b>(4 075)</b>

**Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

NC077 Siyathemba - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Multi-year expenditure to be appropriated</b>	<b>1</b>															
Vote 1 - MANAGEMENT SERVICES														-	-	-
Vote 2 - FINANCIAL SERVICES														-	-	-
Vote 3 - CORPORATE SERVICES														-	-	-
Vote 4 - TECHNICAL SERVICES														-	-	-
Vote 5 - [NAME OF VOTE 5]														-	-	-
Vote 6 - [NAME OF VOTE 6]														-	-	-
Vote 7 - [NAME OF VOTE 7]														-	-	-
Vote 8 - [NAME OF VOTE 8]														-	-	-
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>2</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>															
Vote 1 - MANAGEMENT SERVICES														-	-	-
Vote 2 - FINANCIAL SERVICES														-	-	-
Vote 3 - CORPORATE SERVICES														-	-	-
Vote 4 - TECHNICAL SERVICES		1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	20 635	13 658	12 921
Vote 5 - [NAME OF VOTE 5]														-	-	-
Vote 6 - [NAME OF VOTE 6]														-	-	-
Vote 7 - [NAME OF VOTE 7]														-	-	-
Vote 8 - [NAME OF VOTE 8]														-	-	-
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>2</b>	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	20 635	13 658	12 921
<b>Total Capital Expenditure</b>	<b>2</b>	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	1 720	20 635	13 658	12 921

**Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

NC077 Siyathemba - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital Expenditure - Standard</b>	<b>1</b>															
<i>Governance and administration</i>																
Executive and council																
Budget and treasury office																
Corporate services																
Community and public safety																
Community and social services																
Sport and recreation																
Public safety																
Housing																
Health																
<i>Economic and environmental services</i>																
Planning and development		378	378	378	378	378	378	378	378	378	378	378	378	4 542	6 500	
Road transport		378	378	378	378	378	378	378	378	378	378	378	378	4 542	6 500	
Environmental protection																
<i>Trading services</i>																
Electricity		1 341	1 341	1 341	1 341	1 341	1 341	1 341	1 341	1 341	1 341	1 341	1 341	16 093	7 158	12 921
Water		353	353	353	353	353	353	353	353	353	353	353	353	4 235	3 950	3 100
Waste water management		988	988	988	988	988	988	988	988	988	988	988	988	11 858	3 208	9 821
Waste management																
Other																
<b>Total Capital Expenditure - Standard</b>	<b>2</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>1 720</b>	<b>20 635</b>	<b>13 658</b>	<b>12 921</b>

**Table 49 MBRR SA30 - Budgeted monthly cash flow**

NC077 Siyathemba - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash Receipts By Source</b>	<b>1</b>															
Property rates																
Property rates - penalties & collection charges																
Service charges - electricity revenue																
Service charges - water revenue																
Service charges - sanitation revenue																
Service charges - refuse revenue																
Service charges - other																
Rental of facilities and equipment																
Interest earned - external investments																
Interest earned - outstanding debtors																
Dividends received																
Fines																
Licences and permits																
Agency services																
Transfer receipts - operational																
Other revenue																
<b>Cash Receipts by Source</b>																
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital																
Contributions recognised - capital & Contributed assets																
Proceeds on disposal of PPE																
Short term loans																
Borrowing long term/financing																
Increase (decrease) in consumer deposits																
Decrease (increase) in non-current debtors																
Decrease (increase) other non-current receivables																
Decrease (increase) in non-current investments																
<b>Total Cash Receipts by Source</b>																
<b>Cash Payments by Type</b>																
Employee related costs																
Remuneration of councillors																
Finance charges																
Bulk purchases - Electricity																
Bulk purchases - Water & Sewer																
Other materials																
Contracted services																
Transfers and grants - other municipalities																
Transfers and grants - other																
Other expenditure																
<b>Cash Payments by Type</b>																
<b>Other Cash Flows/Payments by Type</b>																
Capital assets																
Repayment of borrowing																
<b>Other Cash Flows/Payments</b>																
<b>Total Cash Payments by Type</b>																
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>																
Cash/cash equivalents at the month/year begin:																
Cash/cash equivalents at the month/year end:																

## **2.10 Annual budgets and SDBIPs – internal departments**

The draft SDBIP is attached

## **2.11 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.12 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

### **Table 50 MBRR SA 34a - Capital expenditure on new assets by asset class**

NC077 Siyathemba - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	20 635	13 658	12 921
Infrastructure - Road transport		-	-	-	-	-	-	4 542	6 500	-
Roads, Pavements & Bridges								4 542	6 500	
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	4 235	3 950	3 100
Generation								4 235	3 950	3 100
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	11 858	3 208	9 821
Reticulation										
Sewerage purification								11 858	3 208	9 821
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles	10									
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on new assets</b>	1	-	-	-	-	-	-	20 635	13 658	12 921
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

**Table 51 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

None

**Table 52 MBRR SA34c - Repairs and maintenance expenditure by asset class**

NC077 Siyathemba - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other	10									
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (List sub-class)										
<b>Total Repairs and Maintenance Expenditure</b>	1	-	-	-	-	-	-	-	-	-
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
<b>R&amp;M as a % of PPE</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>R&amp;M as % Operating Expenditure</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



**Table 53 MBRR SA36 - Detailed capital budget per municipal vote**

NC077 Siyathemba - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Parent Capital expenditure																
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A Water project A																
Entity B Electricity project B																
Entity Capital expenditure																
Total Capital expenditure																

**Table 54 MBRR SA37 - Projects delayed from previous financial year**

None

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
3. Audit Committee  
An Audit Committee has been established and is fully functional.
4. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
5. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 2.1.4 Other supporting documents

**Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

NC077 Siyathemba - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

2009/10									2010/11									2011/12									Current Year 2012/13									2013/14 Medium Term Revenue & Expenditure Framework																																																																							
Description									Ref									Audited Outcome									Audited Outcome									Audited Outcome									Original Budget									Adjusted Budget									Full Year Forecast									Pre-audit outcome									Budget Year 2013/14									Budget Year +1 2014/15									Budget Year +2 2015/16								
R thousand																																																																																																											
ASSETS																																																																																																											
Call investment deposits																																																																																																											
Call deposits < 90 days																																																																																																											
Other current investments > 90 days																																																																																																											
Total Call investment deposits																																																																																																											
Consumer debtors																																																																																																											
Consumer debtors																																																																																																											
Less: Provision for debt impairment																																																																																																											
Total Consumer debtors																																																																																																											
Debt impairment provision																																																																																																											
Balance at the beginning of the year																																																																																																											
Contributions to the provision																																																																																																											
Bad debts written off																																																																																																											
Balance at end of year																																																																																																											
Property, plant and equipment (PPE)																																																																																																											
PPE at cost/valuation (excl. finance leases)																																																																																																											
Leases recognised as PPE																																																																																																											
Less: Accumulated depreciation																																																																																																											
Total Property, plant and equipment (PPE)																																																																																																											
LIABILITIES																																																																																																											
Current liabilities - Borrowing																																																																																																											
Short term loans (other than bank overdraft)																																																																																																											
Current portion of long-term liabilities																																																																																																											
Total Current liabilities - Borrowing																																																																																																											
Trade and other payables																																																																																																											
Trade and other creditors																																																																																																											
Unspent conditional transfers																																																																																																											
VAT																																																																																																											
Total Trade and other payables																																																																																																											
Non current liabilities - Borrowing																																																																																																											
Borrowing																																																																																																											
Finance leases (including PPP asset element)																																																																																																											
Total Non current liabilities - Borrowing																																																																																																											
Provisions - non-current																																																																																																											
Retirement benefits																																																																																																											
List other major provision items																																																																																																											
Refuse landfill site rehabilitation																																																																																																											
Other																																																																																																											
Total Provisions - non-current																																																																																																											
CHANGES IN NET ASSETS																																																																																																											
Accumulated Surplus/(Deficit)																																																																																																											
Accumulated Surplus/(Deficit) - opening balance																																																																																																											
GRAP adjustments																																																																																																											
Restated balance																																																																																																											
Surplus/(Deficit)																																																																																																											
Appropriations to Reserves																																																																																																											
Transfers from Reserves																																																																																																											
Depreciation offsets																																																																																																											
Other adjustments																																																																																																											
Accumulated Surplus/(Deficit)																																																																																																											
Reserves																																																																																																											
Housing Development Fund																																																																																																											
Capital replacement																																																																																																											
Self-insurance																																																																																																											
Other reserves																																																																																																											
Revaluation																																																																																																											
Total Reserves																																																																																																											
TOTAL COMMUNITY WEALTH/EQUITY																																																																																																											
Total capital expenditure includes expenditure on nationally significant priorities:																																																																																																											
Provision of basic services																																																																																																											

**Table 56 MBRR SA32 – List of external mechanisms**

None

## 2.13 Municipal manager's quality certificate

I JRM Alexander, in my capacity as Municipal Manager of Siyathemba Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Siyathemba Municipality (NC077)

Signature \_\_\_\_\_

Date \_\_\_\_\_